Industry Canada Industrie Canada

Regional Economic Observer

Second Semester 2004

Micro-Economic Policy Analysis Branch

APME – MEPA

Canada

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Regional Economic Observer

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The Regional Economic Observer (REO) provides a snapshot of provincial economic conditions in a convenient format. The REO attempts to present factual information in an informed and balanced manner consistent with generally accepted economic principles. This report uses data available as of January 7, 2005 and can be accessed via the Internet at http://strategis.ic.gc.ca/epic/internet/ineas-aes.nsf/vwGeneratedInterE/h_ra01871e.html. It has been prepared by Jean-François Arsenault, Éric Chalifoux, Stéphane Crépeau, Kevin Koch, Sue Moore, François Rimbaud under the direction of François Poitras. Translation has been provided by Lucie Larocque. Sue Hopf is responsible for production support. All information is taken from public sources, primarily Statistics Canada, the Canada Mortgage and Housing Corporation, and the Canadian Real Estate Association. Please address comments to Hossein Rostami at 613-995-8452 or through the Internet at rostami.hossein@ic.gc.ca.

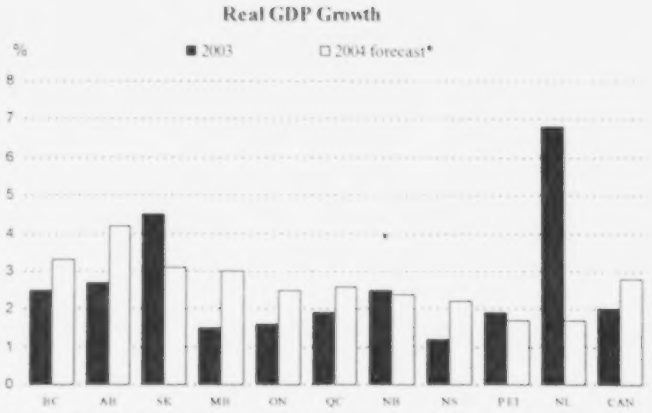
Highlights

Real Gross Domestic Product

Rising oil prices, a rapid appreciation of the loonie, and moderating global growth in the later part of 2004 have led to slower economic growth in most provinces, particularly in Quebec and Ontario. Nonetheless, relative to 2003, economic growth is estimated to have risen in six provinces in 2004 among which, Ontario and Quebec.

Alberta should lead provincial economic growth in 2004 as it benefited from high oil prices. British Columbia should also post stronger economic growth supported by construction and forestry.

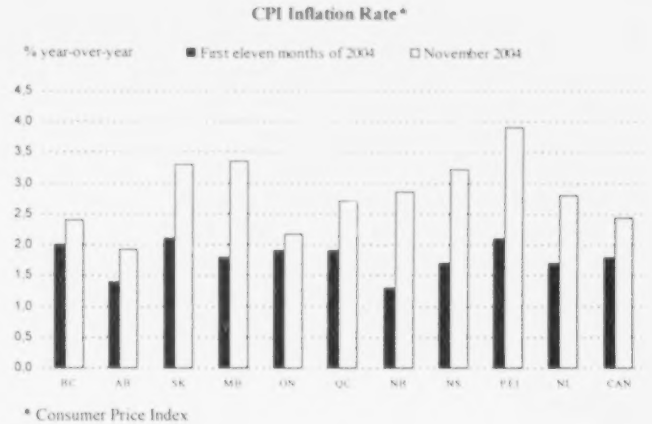
Newfoundland & Labrador should record a significant moderation in economic growth in 2004, to about 2% from nearly 7.0% in 2003, as a result of oil production approaching capacity and several strikes. Real GDP growth is expected to moderate in Saskatchewan from 4.5% in 2003 to 3.1% in 2004.



* Forecasts are based on a survey of a number of private forecasters, including the Bank of Montreal, BMO Nesbitt Burns Economics, CIBC, Desjardins, National Bank, Royal Bank, Scotia Group, Global Insight, TD Bank and the Conference Board of Canada.

Inflation Trends

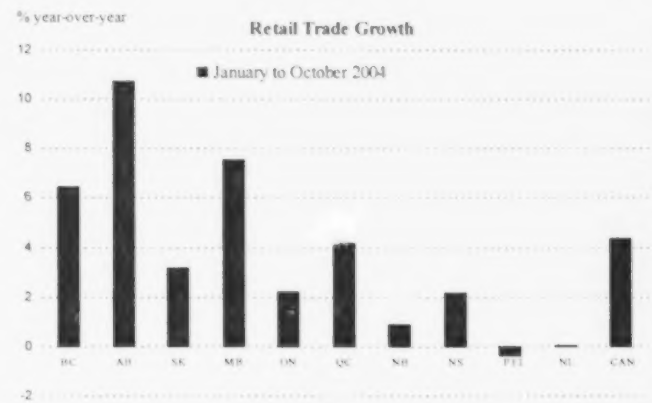
Over the first eleven months of 2004, average Consumer Price Index (CPI) inflation ranged from 1.3% in New Brunswick to 2.1% in Saskatchewan and Prince Edward Island. However, inflation rose in all provinces in the latter part of the year, mainly due to higher shelter and transportation cost associated with rising energy prices.



* Consumer Price Index

Consumer Spending

Retail sales increased in all provinces except Prince Edward Island and Newfoundland & Labrador in 2004. Retailers in Alberta, Manitoba, and British Columbia enjoyed the biggest gains.



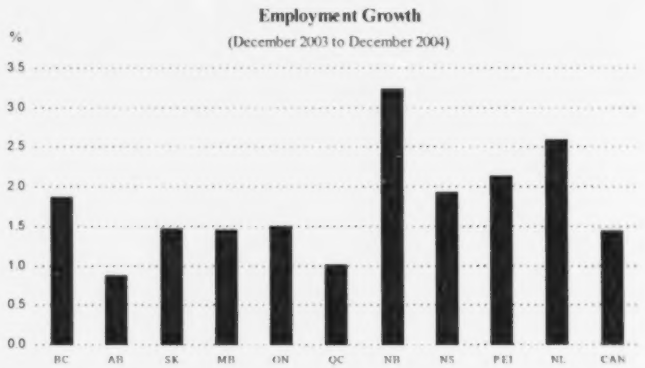
Highlights

Rising income and low mortgage rates continued to support the housing market in 2004, with six provinces, led by British Columbia, registering higher housing starts. New Brunswick and Nova Scotia posted the sharpest decline after posting strong growth in 2003.

Labour Markets

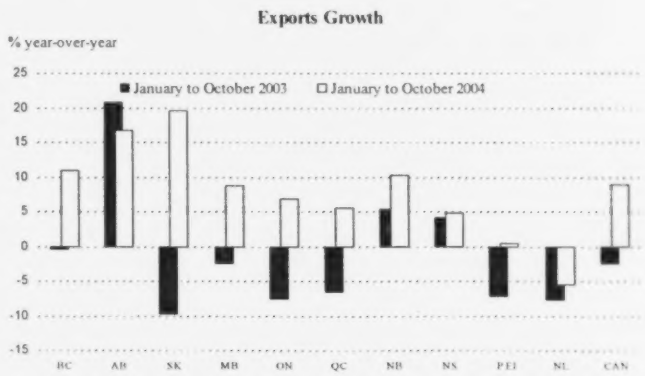
In 2004, all provinces recorded job growth led by New Brunswick, Newfoundland & Labrador and British Columbia.

Unemployment rates have fallen since December 2003 in most provinces. The largest decline was recorded in Newfoundland & Labrador, from 18.0% in December 2003 to 15.3% in December 2004, as employment rose and labour force declined. Quebec and British Columbia also posted significant reduction of their unemployment rate, as employment increased more than labour force.



Merchandise Trade

Exports increased in all Canadian provinces except Newfoundland & Labrador in the first ten months of 2004 compared to the same period in 2003, despite the appreciation of the Canadian dollar over the past two years. Saskatchewan and Alberta posted the strongest increase as they benefited from higher oil prices. However, growth in export took place mostly in the first half of the year.



British Columbia

Demography

Population ('000)	4,152
Share of Canadian population	13.1
Share of urban[1] population	84.6
Share of aboriginal population (%)	4.4
Pop. 15 years and over with university degree (%)	17.6
Elderly dependency ratio[2] (%)	19.5

Data for 2003 except for urban and aboriginal population (2001)

[1] An urban area has a minimum population concentration of 1,000 persons and a population density of at least 400 persons per square kilometre.

[2] The elderly dependency ratio is obtained by dividing the population aged 65 and over by the population aged 15 to 64.

Economic Structure

GDP per capita ($2003)	35,043
Natural resources (% of total GDP $1997)	6.4
Manufacturing (% of total GDP $1997)	11.7
Services (% of total GDP $1997)	74.7
Research & Development intensity[1] (%)	1.3
International trade intensity[2] (%)	58.4
Interprovincial trade intensity[2] (%)	36.1

Data for 2003 except Research & Development intensity (2001)

[1] Share of GDP ($2003)

[2] Exports plus imports as a percentage of GDP ($1997)

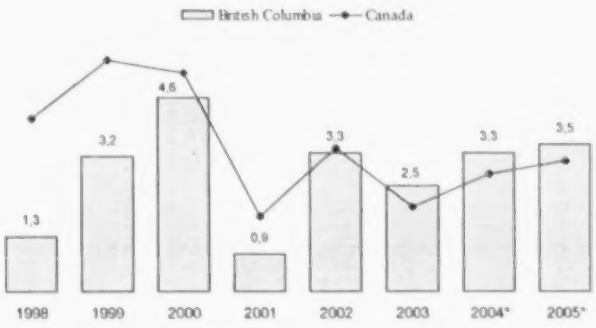
Real Gross Domestic Product

In 2004, British Columbia's (B.C.) economy is estimated to have grown 3.3% following 2.5% growth in 2003. The forestry, tourism, and construction industries contributed to a revived B.C. economy.

Analysts expect economic growth to increase to 3.5% in 2005. Employment growth and inward migration suggest housing market activity will remain healthy. However, exports are expected to provide less support in 2005 as the U.S. housing market and commodity prices should slow down.

After years of deficits, the government is expected to record a fiscal surplus for 2004-05.

Real GDP Growth
(Percentage)



*Forecasts are based on a survey of a number of private forecasters, including the Bank of Montreal, BMO Nesbitt Burns Economics, CIBC, Desjardins, National Bank, Royal Bank, Scotiabank Group, Global Insight, TD Bank and The Conference Board of Canada

Inflation Trends

British Columbia's CPI inflation averaged 2.0% in the first 11 months of 2004. Inflation rose towards the end of the year, averaging 2.4% in October and November. The rise in inflation was due almost entirely to higher energy prices which pushed up increases in transportation costs to over 4.0% in October and November compared to a decline of 0.9% in the first quarter.

Consumer Prices

		year-over-year inflation, 2004		
	2003	September	October	November
	(%)	(%)	(%)	(%)
All Items	2.2	1.9	2.4	2.4
Food	1.9	1.0	1.9	1.6
Shelter	1.8	2.8	2.6	2.9
Household	1.1	-0.3	-0.7	-0.7
Clothing	-1.1	0.0	1.2	3.5
Transport	3.2	2.9	5.6	4.6
Health Care	0.7	1.7	0.9	2.1
Recreation	3.5	1.6	1.1	1.4
Alcohol & Tobacco	7.4	4.4	4.7	4.2
Energy*	6.6	6.1	13.4	10.3
Canada (All Items)	2.8	1.8	2.3	2.4

* Special aggregate

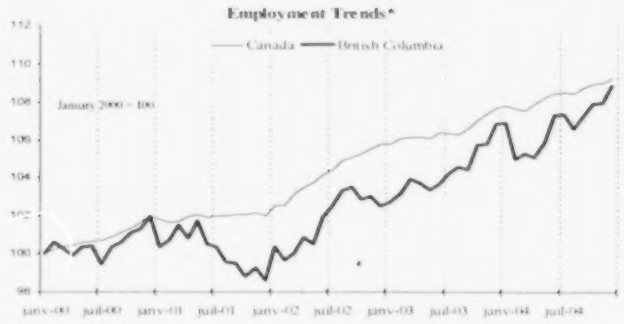
British Columbia

Labour Market

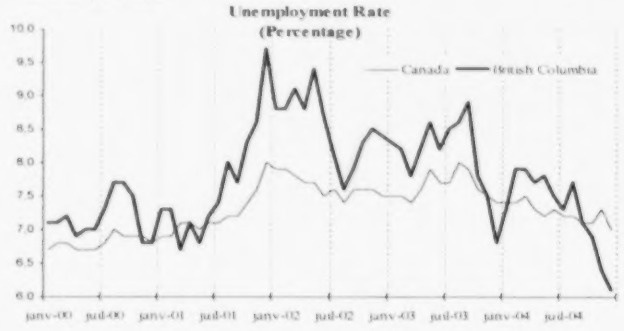
B.C.'s employment rose by 38,800 (1.9%) in 2004 compared to 83,400 (4.2%) in 2003. Most of the growth was in the last four months of the year when the B.C. economy added 43,200 jobs.

Full-time positions (59,200) accounted for all of the increase in the last year. Employment in the construction sector alone grew by 30.8% (39,500) as B.C.'s housing market remained one of the most active in Canada, while manufacturing employment declined slightly albeit strong shipments. On the services side, employment in professional & scientific sectors (7.1%), health care & social assistance (4.4%), and accommodation & food (3.1%) all reported gains in 2004.

B.C.'s unemployment rate was 6.1% in December, the lowest since June 1981, and a substantial drop compared to 7.7% in August. It has been below the Canadian average since October.



*Seasonally adjusted.



Employment by Industry

(in thousands)	Level December 2004	% of Total	Change since three months ago	Change since last Dec.	% change since three months ago	% change since last Dec.
TOTAL EMPLOYMENT	2,110.2	100.0	30.3	38.8	1.5	1.9
Full-time	1,680.7	79.6	32.1	59.2	1.9	3.7
Part-time	429.6	20.4	-1.7	-20.3	-0.4	-4.5
Labour force	2,246.2	-	8.3	23.6	0.4	1.1
Participation rate	65.3	-	0.0	-0.3	-	-
Employment rate	61.3	-	0.6	0.1	-	-
Unemployment rate	6.1	-	-1.0	-0.7	-	-
INDUSTRY						
Goods-producing	452.5	21.4	11.8	35.7	2.7	8.6
Agriculture	39.9	1.9	7.5	7.0	23.1	21.3
Natural resources[1]	37.0	1.8	2.2	-3.9	6.3	-9.5
Utilities	8.2	0.4	-0.8	-2.7	-8.9	-24.8
Construction	167.9	8.0	6.1	39.5	3.8	30.8
Manufacturing	199.4	9.4	-3.3	-4.3	-1.6	-2.1
Services-producing	1,657.8	78.6	18.5	3.2	1.1	0.2
Trade	308.4	14.6	3.0	-13.2	1.0	-4.1
Transportation & warehousing	112.4	5.3	-4.2	-3.4	-3.6	-2.9
FIRE[2]	138.1	6.5	3.8	5.4	2.8	4.1
Professional & scientific	156.1	7.4	14.0	10.3	9.9	7.1
Management & administrative	90.2	4.3	2.5	-0.8	2.9	-0.9
Educational	140.4	6.7	-3.4	-2.9	-2.4	-2.0
Health care & social assistance	230.0	10.9	1.4	9.7	0.6	4.4
Information & culture & recreation	107.3	5.1	0.5	-3.0	0.5	-2.7
Accommodation & food	181.2	8.6	2.5	5.5	1.4	3.1
Other services	99.0	4.7	0.6	-1.1	0.6	-1.1
Public administration	94.7	4.5	-2.1	-3.3	-2.2	-3.4

[1] Includes Forestry, Fishing, Mining and Oil & Gas

[2] Includes Financial services, Insurance, Real Estate and Leasing

British Columbia

Economic Activity

B.C.'s manufacturing sector made a strong recovery in 2004 with shipments increasing 12.2% in the first ten months of the year compared to the same period in 2003. Although commodity prices declined in the second half of 2004, natural gas and lumber prices still remained relatively high and underpinned shipments of these products.

Strong inter-provincial migration and low interest rates contributed to an active housing market in 2004. Housing starts totaled 32,800, up 25.6% compared to 2003.

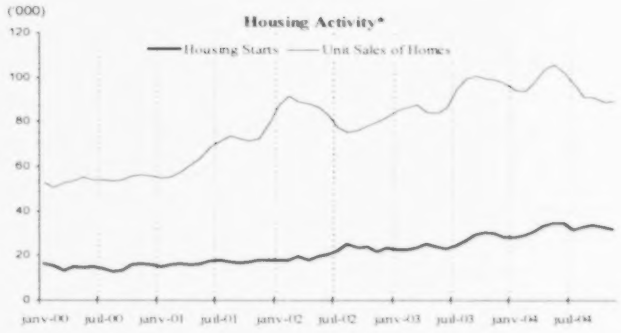
Migration as well as a growing employment helped boost consumer spending in 2004. Retail sales growth in B.C. has been above the Canadian average, accelerating 6.5% from January to October of 2004 compared to the same period in 2003 with sales of furniture and housing items contributing most to growth.

Trade

In the first ten months of 2004 exports rose 11.0% compared to the same period in 2003. Forestry product exports increased 19.0% as the booming housing market in the U.S. benefited B.C.'s forestry industry. Exports of industrial goods & materials, B.C.'s second largest export group, advanced 25.7% while exports of energy products declined despite an increase in energy prices.

In the first ten months of 2004, imports rose 4.1%. Growth of imports of industrial goods & materials (20.9%) and machinery & equipment (8.1%) as well as consumer goods (8.1%) other than motor vehicles pointed to increased spending by businesses and consumers.

Retail Trade and Manufacturing Shipments Growth



*Seasonally adjusted at annual rates, 3-month moving average
November 2004 is the last available data point

Merchandise Trade

Level (in millions of dollars)	year-to-date 2003*	year-to-date 2004*	% change
Total Exports	24,103.8	26,750.3	11.0
Total Imports	26,391.5	27,482.3	4.1
Balance	-2,287.7	-732.0	
Principal commodity groupings			
Exports			
Agricultural & fishing products	1,994.3	1,987.5	-0.3
Energy products	4,134.9	3,904.1	-5.6
Forestry products	10,218.0	12,164.1	19.0
Industrial goods & materials	3,301.2	4,149.7	25.7
Machinery & equipment	3,037.6	3,137.8	3.3
Automotive products	321.4	309.4	-3.7
Other consumer goods	616.7	624.3	1.2
Special transaction trade	479.6	473.0	-1.4
Imports			
Agricultural & fishing products	2,779.1	2,820.0	1.5
Energy products	558.4	898.6	60.9
Forestry products	460.6	525.9	14.2
Industrial goods & materials	4,098.6	4,957.0	20.9
Machinery & equipment	7,232.6	7,818.1	8.1
Automotive products	6,567.8	5,461.8	-16.8
Other consumer goods	4,368.2	4,720.4	8.1
Special transaction trade	326.3	280.4	-14.1

*January to October period, Customs-Based

Alberta

Demography

Population ('000)	3,159
Share of Canadian population	10.0
Share of urban[1] population (%)	80.7
Share of aboriginal population (%)	5.3
Pop. 15 years and over with university degree (%)	16.0
Elderly dependency ratio[2] (%)	14.7

Data for 2003 except for urban and aboriginal population (2001)

[1] An urban area has a minimum population concentration of 1,000 persons and a population density of at least 400 persons per square kilometre.

[2] The elderly dependency ratio is obtained by dividing the population aged 65 and over by the population aged 15 to 64.

Economic Structure

GDP per capita ($2003)	54,069
Natural resources (% of total GDP $1997)	18.0
Manufacturing (% of total GDP $1997)	10.1
Services (% of total GDP $1997)	61.8
Research & Development intensity[1] (%)	1.0
International trade intensjty[2] (%)	67.0
Interprovincial trade intensity[2] (%)	49.9

Data for 2003 except Research & Development intensity (2001)

[1] Share of GDP ($2003)

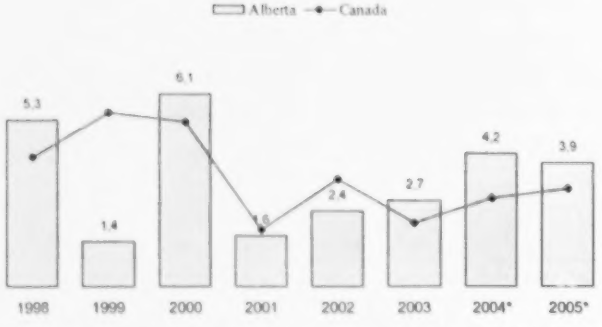
[2] Exports plus imports as a percentage of GDP ($1997)

Real Gross Domestic Product

High energy prices, resulting in sustained investment and surging exploration and drilling activity, are vaulting Alberta into economic growth leadership in 2004. This, combined with strong domestic demand, has led to Alberta's real GDP growth rate to rise from 2.7% in 2003 to 4.2% (estimate) in 2004.

Growth in 2005 is forecast to be 3.9% as elevated energy prices continue to lead to growth of Alberta's net exports, business investment, and employment. In addition, the elimination of the provincial debt this fiscal year gives the government the opportunity to consider new spending initiatives or tax reductions.

Real GDP Growth
(Percentage)



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Inflation Trends

Inflation averaged 1.4% in the first 11 months of 2004 compared to 4.4% in 2003. Inflation edged up to 1.9% in November due to energy price increases which pushed up the cost of shelter and transportation. Food prices have also increased at a higher rate (1.9%) in the second half of 2004 compared to the first half (1.0%).

Consumer Prices

		year-over-year inflation, 2004		
	2003	September	October	November
	(%)	(%)	(%)	(%)
All Items	4.4	1.5	1.5	1.9
Food	1.4	2.5	2.3	2.3
Shelter	8.1	2.8	2.3	2.6
Household	0.5	-0.9	-0.8	-0.3
Clothing	-1.0	-0.1	-1.3	-2.3
Transport	7.4	0.9	3.3	4.8
Health Care	1.7	1.6	1.1	0.3
Recreation	1.3	0.8	-0.1	0.2
Alcohol & Tobacco	10.6	1.6	1.5	0.9
Energy*	19.2	3.9	12.6	15.4
Canada (All Items)	2.8	1.8	2.3	2.4

* Special aggregate

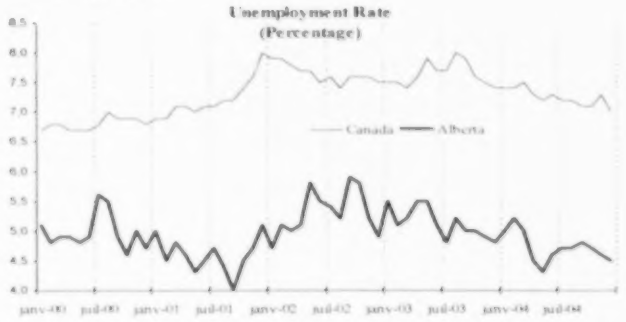
Alberta

Labour Market

Employment in Alberta grew 0.9% (15,400) from December 2003 to December 2004, after rising 2.7% (45,800) in 2003.

Stimulated by high energy prices, construction and natural resources posted important gains while manufacturing lost 19,200 jobs. In comparison, the services-producing sector grew 1.5%, with a notable job gains in educational and accommodation & food employment. This offset losses in trade and professional & scientific jobs.

Despite lower employment growth, the unemployment rate fell from 4.8% in December 2003 to 4.5% in December 2004, the lowest unemployment rate among provinces.



Employment by Industry

(in thousands)	Level December 2004	% of Total	Change since three months ago	Change since last Dec.	% change since three months ago	% change since last Dec.
TOTAL EMPLOYMENT	1,766.9	100.0	2.5	15.4	0.1	0.9
Full-time	1,437.8	81.4	-2.1	4.1	-0.1	0.3
Part-time	329.1	18.6	4.6	11.3	1.4	3.6
Labour force	1,849.9	-	-4.0	9.2	-0.2	0.5
Participation rate	72.9	-	-0.4	-0.9	-	-
Employment rate	69.6	-	-0.2	-0.6	-	-
Unemployment rate	4.5	-	-0.3	-0.3	-	-
INDUSTRY						
Goods-producing	491.0	27.8	-16.7	-3.7	-3.3	-0.7
Agriculture	66.6	3.8	-4.5	-5.4	-6.3	-7.5
Natural resources[1]	117.2	6.6	-2.3	8.2	-1.9	7.5
Utilities	12.7	0.7	-0.4	-2.4	-3.1	-15.9
Construction	160.9	9.1	-1.2	15.1	-0.7	10.4
Manufacturing	133.6	7.6	-8.2	-19.2	-5.8	-12.6
Services-producing	1,275.9	72.2	19.2	19.1	1.5	1.5
Trade	273.0	15.5	4.2	-1.9	1.6	-0.7
Transportation & warehousing	98.6	5.6	2.5	5.3	2.6	5.7
FIRE[2]	90.4	5.1	-1.0	-1.7	-1.1	-1.8
Professional & scientific	118.3	6.7	1.1	-2.5	0.9	-2.1
Management & administrative	63.3	3.6	0.8	2.8	1.3	4.6
Educational	117.8	6.7	11.5	9.1	10.8	8.4
Health care & social assistance	166.5	9.4	-0.4	0.7	-0.2	0.4
Information & culture & recreation	67.0	3.8	-4.1	-2.6	-5.8	-3.7
Accommodation & food	128.1	7.2	-1.9	7.9	-1.5	6.6
Other services	84.3	4.8	7.6	4.9	9.9	6.2
Public administration	68.8	3.9	-1.1	-2.9	-1.6	-4.0

[1] Includes Forestry, Fishing, Mining and Oil & Gas

[2] Includes Financial services, Insurance, Real Estate and Leasing

Alberta

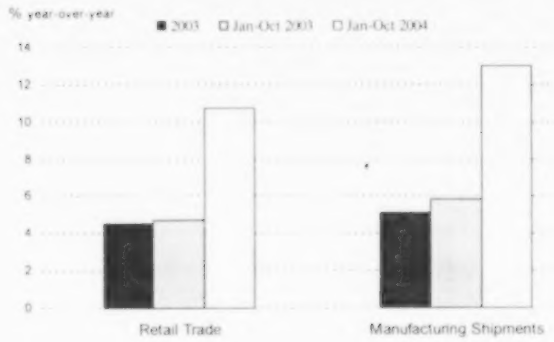
Economic Activity

High commodity prices, particularly for oil, led to widespread economic growth in Alberta in 2004. Retail sales rose 10.7% in the first ten months of 2004 compared to the same period in 2003 with higher spending on big-ticket items such as motor & recreational vehicles, home furnishings, and building supplies.

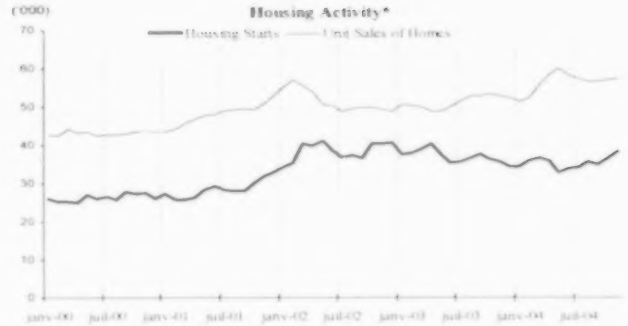
Pent-up demand for housing has largely been satisfied as housing starts fell 2.1% from 36,500 in 2003 to 35,700 in 2004. However, they remain at high levels and the value of building permits rose 3.4% in the first ten months of 2004.

Shipments of manufactured goods rose 13.0% from January to October 2004 compared to the same period in 2003. The largest gains were recorded in machinery, food, and fabricated metal.

Retail Trade and Manufacturing Shipments Growth



Housing Activity*



*Seasonally adjusted at annual rates, 3-month moving average
November 2004 is the last available data point

Trade

In the first ten months of 2004, exports increased 16.8% compared to the same period in 2003. Thanks to high energy prices, Alberta's most important export (energy products) was up 14.4%. Agricultural products (27.5%), and industrial goods & materials (32.0%) also posted double-digit increases.

Imports rose 1.2% in the first ten months of 2004. Imports of machinery and equipment were up 5.0% as they benefited from the appreciation of the Canadian dollar. With exports rising faster than imports, the trade balance rose to $43.9 billion from $36.1 billion in 2003.

Merchandise Trade

Level (in millions of dollars)	year-to-date 2003*	year-to-date 2004*	% change
Total Exports	47,303.6	55,230.0	16.8
Total Imports	11,153.3	11,287.6	1.2
Balance	36,150.3	43,942.4	
Principal commodity groupings			
Exports			
Agricultural & fishing products	2,977.1	3,796.9	27.5
Energy products	33,692.6	38,532.5	14.4
Forestry products	2,111.3	2,809.8	33.1
Industrial goods & materials	4,462.7	5,889.9	32.0
Machinery & equipment	2,993.0	3,207.9	7.2
Automotive products	373.1	337.0	-9.7
Other consumer goods	145.7	144.4	-0.9
Special transaction trade	548.9	511.5	-6.8
Imports			
Agricultural & fishing products	1,078.8	939.6	-12.9
Energy products	866.6	484.6	-44.1
Forestry products	58.1	69.4	19.4
Industrial goods & materials	2,498.2	2,868.1	14.8
Machinery & equipment	5,014.2	5,266.0	5.0
Automotive products	687.7	741.1	7.8
Other consumer goods	730.6	741.6	1.5
Special transaction trade	219.0	177.5	-18.9

*January to October period, Customs-Based

Saskatchewan

Demography

Population ('000)	994
Share of Canadian population	3.1
Share of urban[1] population (%)	64.1
Share of aboriginal population (%)	13.5
Pop. 15 years and over with university degree (%)	12.6
Elderly dependency ratio[2] (%)	22.9

Data for 2003 except for urban and aboriginal population (2001)

[1] An urban area has a minimum population concentration of 1,000 persons and a population density of at least 400 persons per square kilometre.

[2] The elderly dependency ratio is obtained by dividing the population aged 65 and over by the population aged 15 to 64.

Economic Structure

GDP per capita ($2003)	36,765
Natural resources (% of total GDP $1997)	19.9
Manufacturing (% of total GDP $1997)	7.8
Services (% of total GDP $1997)	64.8
Research & Development intensity[1] (%)	1.2
International trade intensity[2] (%)	66.6
Interprovincial trade intensity[2] (%)	67.6

Data for 2003 except Research & Development intensity (2001)

[1] Share of GDP ($2003)

[2] Exports plus imports as a percentage of GDP ($1997)

Real Gross Domestic Product

Saskatchewan's output is expected to grow 3.1%, following an impressive 4.5% gain in 2003 which was the result of a recovery in the agricultural sector as well as high global demand for natural resources.

Saskatchewan's economy benefited from high external demand (especially from the U.S.) for energy and potash in 2004. Moreover, farm cash receipts rose (7.8%) in the first three quarters of 2004.

Growth is expected to moderate to 2.7% in 2005. Output of mineral fuel is expected to slow as the Western Canada Sedimentary Basin matures. However, this should be tempered by continued high commodity prices, as well as further improvements in crop yields.

Real GDP Growth
(Percentage)

*Forecasts are based on a survey of a number of private forecasters, including the Bank of Montreal, BMO Nesbitt Burns Economics, CIBC, Desjardins, National Bank, Royal Bank, Scotiabank Group, Global Insight, TD Bank and The Conference Board of Canada.

Inflation Trends

In the first eleven months of 2004, inflation averaged 2.1% in Saskatchewan. Rising energy cost, via both the transportation and shelter channels, were an important contributor to the overall increase.

Consumer Prices

		year-over-year inflation, 2004		
	2003	September	October	November
	(%)	(%)	(%)	(%)
All Items	2.3	2.0	3.1	3.3
Food	2.2	2.4	3.3	3.9
Shelter	3.1	2.0	3.7	3.6
Household	0.3	1.0	0.9	1.3
Clothing	-0.4	0.5	1.3	0.5
Transport	2.6	2.6	5.6	6.5
Health Care	0.7	1.4	0.8	0.6
Recreation	1.0	1.3	0.9	0.4
Alcohol & Tobacco	10.2	4.7	4.7	3.8
Energy*	5.7	1.4	10.1	11.9
Canada (All Items)	2.8	1.8	2.3	2.4

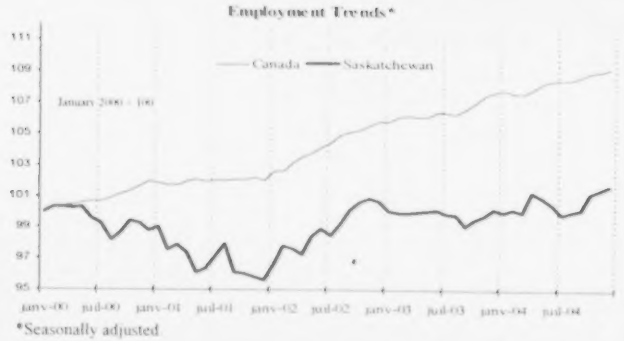
* Special aggregate

Saskatchewan

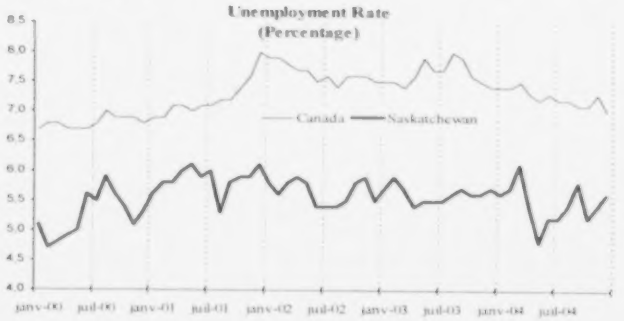
Labour Market

Saskatchewan's employment increased 1.5% from December 2003 to December 2004, following a decline (0.4%) over the same period last year. While it has been trending up in the past few months, the unemployment rate is now slightly lower (5.6%) than its 2003 average.

Employment growth in the goods producing sector was largely driven by the construction industry, where employment rose 25.3% in 2004. Employment in utilities jumped 32.6% following a small increase in 2003. Manufacturing employment also rose, following a year of no-growth. Employment in natural resources declined 8.7% following a 25.6% jump in 2003. Employment in service industries changed little as gains in health care and social assistance and accommodation and food were offset by losses elsewhere, notably public administration.



*Seasonally adjusted



Employment by Industry

(in thousands)	Level December 2004	*% of Total*	Change since three months ago	Change since last Dec.	% change since three months ago	% change since last Dec.
TOTAL EMPLOYMENT	495.6	100.0	7.3	7.2	1.5	1.5
Full-time	397.9	80.3	6.9	5.5	1.8	1.4
Part-time	97.7	19.7	0.4	1.6	0.4	1.7
Labour force	524.8	-	6.6	7.0	1.3	1.4
Participation rate	69.2	-	0.9	0.7	-	-
Employment rate	65.3	-	0.9	0.7	-	-
Unemployment rate	5.6	-	-0.2	-0.1	-	-
INDUSTRY						
Goods-producing	132.8	26.8	2.0	7.1	1.5	5.6
Agriculture	48.5	9.8	1.6	-0.4	3.4	-0.8
Natural resources[1]	18.8	3.8	-0.5	-1.8	-2.6	-8.7
Utilities	6.1	1.2	-0.1	1.5	-1.6	32.6
Construction	28.7	5.8	1.6	5.8	5.9	25.3
Manufacturing	30.7	6.2	-0.6	1.9	-1.9	6.6
Services-producing	362.9	73.2	5.4	0.2	1.5	0.1
Trade	77.1	15.6	-0.7	-2.5	-0.9	-3.1
Transportation & warehousing	23.8	4.8	-0.3	0.5	-1.2	2.1
FIRE[2]	25.7	5.2	-0.6	-1.2	-2.3	-4.5
Professional & scientific	18.0	3.6	1.7	0.7	10.4	4.0
Management & administrative	13.4	2.7	0.7	1.2	5.5	9.8
Educational	40.1	8.1	1.4	-0.5	3.6	-1.2
Health care & social assistance	60.9	12.3	1.6	3.6	2.7	6.3
Information & culture & recreation	20.0	4.0	-2.0	-3.3	-9.1	-14.2
Accommodation & food	36.9	7.4	1.8	2.8	5.1	8.2
Other services	22.8	4.6	1.3	2.0	6.0	9.6
Public administration	24.2	4.9	0.3	-3.1	1.3	-11.4

[1] Includes Forestry, Fishing, Mining and Oil & Gas

[2] Includes Financial services, Insurance, Real Estate and Leasing

Saskatchewan

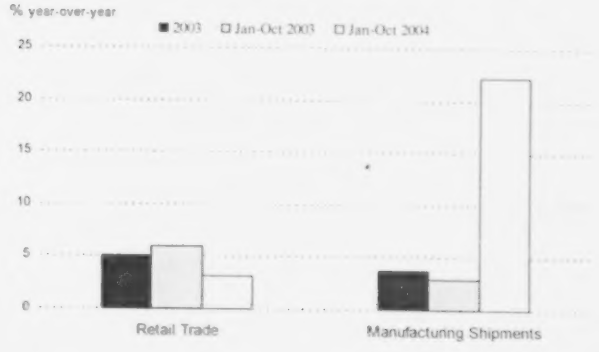
Economic Activity

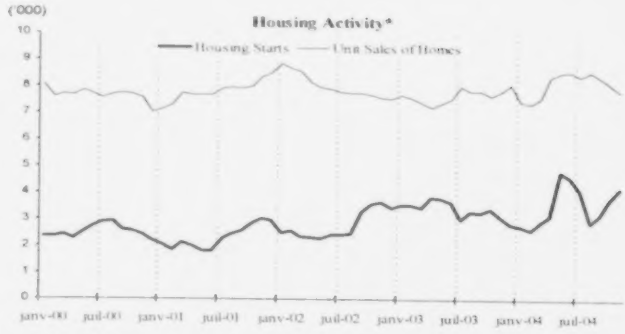
Retail sales in Saskatchewan advanced 3.2% in the first 10 months of 2004, compared to the same period last year. This is lower than Canada's 4.3% increase and reflects, in part, a sharper decline (7.5%, compared 5.1% for Canada) in sales of new motor vehicles.

For the January to October period, shipments increased 22.2% compared to the same period in 2003. Increases were witnessed in both shipments of durables (25.4%) and non-durables goods (20.2%). Among the larger manufacturing groups, shipments of wood products surged 52.6%, chemical products rose 25.9% and food shipments increased 10.3%.

Housing starts rose 10.5% in the first eleven months of 2004, compared to a 21.3% increase last year. Meanwhile, unit sales of home were 5.4% higher following a decline (4.0%) during the same period in 2003. Reflecting the strong housing market, new house prices are 6.0% higher (on average) in 2004 than in 2003.

Retail Trade and Manufacturing Shipments Growth





*Seasonally adjusted at annual rates, 3-month moving average
November 2004 is the last available data point

Trade

Exports rose 19.6% in the first 10 months of 2004 compared to the same period last year. Reflecting high energy prices and a partial recovery from a two-year drought, notable increases were observed among energy products (21.4%) and agricultural & fishing products (16.1%).

Meanwhile, imports rose 11.4%, on the strength of machinery & equipment, industrial goods & materials and automotive products. However, declines were witnessed among agricultural & fishing products (12.9%).

As exports rose faster than imports, Saskatchewan's merchandise trade balance improved to $6.1 billion in the first 10 months of 2004 compared to $4.9 billion in the corresponding period last year.

Merchandise Trade

Level (in millions of dollars)	year-to-date 2003*	year-to-date 2004*	% change
Total Exports	8,403.3	10,051.3	19.6
Total Imports	3,519.9	3,921.7	11.4
Balance	4,883.4	6,129.6	
Principal commodity groupings			
Exports			
Agricultural & fishing products	2,383.2	2,766.8	16.1
Energy products	2,765.6	3,357.0	21.4
Forestry products	487.8	638.0	30.8
Industrial goods & materials	2,202.3	2,577.9	17.1
Machinery & equipment	374.0	517.8	38.4
Automotive products	69.2	64.3	-7.1
Other consumer goods	27.0	29.6	9.6
Special transaction trade	94.5	99.5	5.3
Imports			
Agricultural & fishing products	231.7	201.8	-12.9
Energy products	42.6	37.9	-11.0
Forestry products	22.5	18.2	-19.1
Industrial goods & materials	1,088.3	1,199.5	10.2
Machinery & equipment	1,479.9	1,700.8	14.9
Automotive products	409.5	526.8	28.6
Other consumer goods	215.9	212.2	-1.7
Special transaction trade	29.6	24.0	-18.9

*January to October period, Customs-Based

Manitoba

Demography

Population ('000)	1,162
Share of Canadian population	3.7
Share of urban[1] population (%)	71.7
Share of aboriginal population (%)	13.6
Pop. 15 years and over with university degree (%)	14.2
Elderly dependency ratio[2] (%)	20.5

Data for 2003 except for urban and aboriginal population (2001)

[1] An urban area has a minimum population concentration of 1,000 persons and a population density of at least 400 persons per square kilometre.

[2] The elderly dependency ratio is obtained by dividing the population aged 65 and over by the population aged 15 to 64.

Economic Structure

GDP per capita ($2003)	32,695
Natural resources (% of total GDP $1997)	6.8
Manufacturing (% of total GDP $1997)	12.2
Services (% of total GDP $1997)	73.7
Research & Development intensity[1] (%)	1.3
International trade intensjty[2] (%)	60.4
Interprovincial trade intensity[2] (%)	66.3

Data for 2003 except Research & Development intensity (2001)

[1] Share of GDP ($2003)

[2] Exports plus imports as a percentage of GDP ($1997)

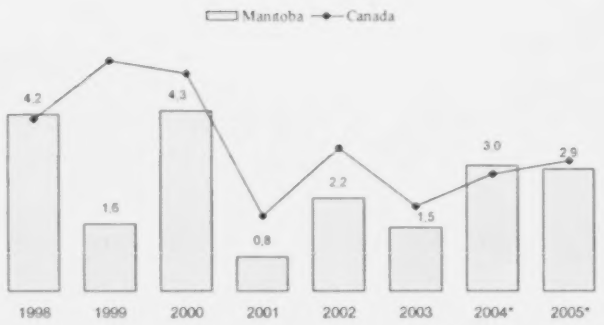
Real Gross Domestic Product

Real GDP is expected to grow 3.0% in 2004, twice 2003's growth rate. Manufacturing, construction and agriculture haven been solid performers in 2004.

Food and transportation equipment were the main contributors to increased manufacturing shipments. Improved soil conditions, following two years of drought, have helped the agricultural sector, as did a robust hog market. Moreover, low mortgage rates and rising incomes helped keep residential construction strong.

Analysts expect real GDP to rise by 2.9% in 2005. Biotech and aerospace are expected to perform well in 2005 and a number of large projects should support non-residential construction. Public sector restraint as well as a slowdown in the U.S. economy could, however, temper growth.

Real GDP Growth
(Percentage)



*Forecasts are based on a survey of a number of private forecasters, including the Bank of Montreal, BMO Nesbitt Burns Economics, CIBC, Desjardins, National Bank, Royal Bank, Scotiabank Group, Global Insight, TD Bank and The Conference Board of Canada

Inflation Trends

Over the first eleven months of 2004, inflation has averaged 1.8% in Manitoba. Reflecting a strong housing market, price increases for shelter have been trending up. Transportation costs accelerated, due in part to rising energy prices.

Inflation in Manitoba reached 3.4% in November, one percentage point above Canada's rate and its highest level since March 2003.

Consumer Prices

		year-over-year inflation, 2004		
	2003	September	October	November
	(%)	(%)	(%)	(%)
All Items	1.8	1.8	2.9	3.4
Food	1.5	2.7	3.6	4.1
Shelter	1.9	2.7	3.2	3.3
Household	1.1	-0.7	0.7	1.2
Clothing	0.8	-3.2	-3.3	0.0
Transport	1.3	3.8	6.8	8.1
Health Care	1.5	1.1	1.8	0.5
Recreation	1.2	-0.4	-0.6	-0.6
Alcohol & Tobacco	10.5	4.7	4.9	5.0
Energy*	4.9	5.1	13.3	15.4
Canada (All Items)	2.8	1.8	2.3	2.4

* Special aggregate

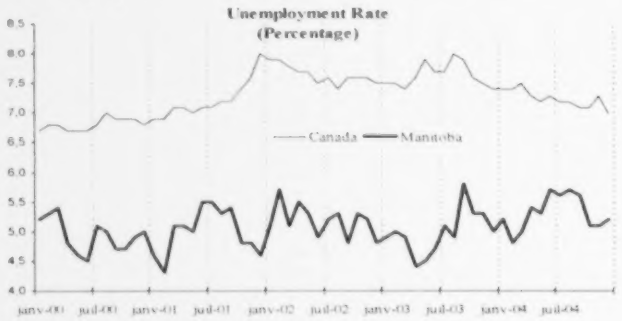
Manitoba

Labour Market

Employment recovered in 2004, rising 1.5% following a 0.2% decline in 2003. Nonetheless, the unemployment rate inched up to 5.2% as more people entered the labour force. Most of the gains were in full-time as part-time employment was virtually unchanged.

Reflecting heightened world demand for commodities and a hot housing market, employment in the natural resources and construction sector rose 15.0% and 13.2% respectively. Manufacturing employment registered a 5.4% loss as certain export-oriented industries have been adjusting to a higher Canadian dollar. Service sector employment partially recovered (1.2%) in 2004, mainly reflecting gains in public administration and health care and social assistance.

*Seasonally adjusted



Employment by Industry

(in thousands)	Level December 2004	*% of Total*	Change since three months ago	Change since last Dec.	% change since three months ago	% change since last Dec.
TOTAL EMPLOYMENT	578.9	100.0	1.1	8.3	0.2	1.5
Full-time	469.0	81.0	6.4	7.7	1.4	1.7
Part-time	109.9	19.0	-5.2	0.6	-4.5	0.5
Labour force	610.5	-	-1.5	9.7	-0.2	1.6
Participation rate	69.3	-	-0.3	0.4	-	-
Employment rate	65.7	-	0.0	0.3	-	-
Unemployment rate	5.2	-	-0.4	0.2	-	-
INDUSTRY						
Goods-producing	145.9	25.2	-0.3	3.2	-0.2	2.2
Agriculture	34.2	5.9	3.5	2.5	11.4	7.9
Natural resources[1]	6.9	1.2	-0.3	0.9	-4.2	15.0
Utilities	6.8	1.2	-0.8	0.2	-10.5	3.0
Construction	30.0	5.2	-0.8	3.5	-2.6	13.2
Manufacturing	68.1	11.8	-1.8	-3.9	-2.6	-5.4
Services-producing	433.0	74.8	1.4	5.2	0.3	1.2
Trade	84.7	14.6	-1.7	-0.8	-2.0	-0.9
Transportation & warehousing	32.0	5.5	-0.8	-2.3	-2.4	-6.7
FIRE[2]	31.4	5.4	3.3	1.4	11.7	4.7
Professional & scientific	25.6	4.4	2.4	1.9	10.3	8.0
Management & administrative	20.7	3.6	-0.6	4.2	-2.8	25.5
Educational	44.0	7.6	1.8	1.1	4.3	2.6
Health care & social assistance	78.9	13.6	1.4	4.0	1.8	5.3
Information & culture & recreation	23.3	4.0	-0.5	-0.2	-2.1	-0.9
Accommodation & food	32.7	5.6	-3.0	-6.7	-8.4	-17.0
Other services	22.8	3.9	-1.8	-1.6	-7.3	-6.6
Public administration	36.8	6.4	0.9	3.9	2.5	11.9

[1] Includes Forestry, Fishing, Mining and Oil & Gas

[2] Includes Financial services, Insurance, Real Estate and Leasing

Manitoba

Economic Activity

Supported by strong growth in labour income, retail sales in the first 10 months of 2004 were 7.5% higher compared to the same period last year and more than twice the 3.6% increase witnessed in 2003.

Manufacturing shipments rose 9.9% in the first ten month of 2004, compared with the same period last year, following a yearly increase of 1.4% in 2003. Food processing rose 17.9% as farm output recovered. Shipments of transportation equipment rose 4.0% compared to the same period last year. As two major bus makers in the province benefit from the renewal of North American fleets, shipments of transportation equipment are expected to rise further in 2005.

Manitoba's housing market did well in 2004. In the first 11 months of 2004, housing starts were up 5.5% compared to the same period in 2003. Reflecting a strong housing market, new house prices were, on average, 6.5% higher in 2004 compared to the same period in 2003.

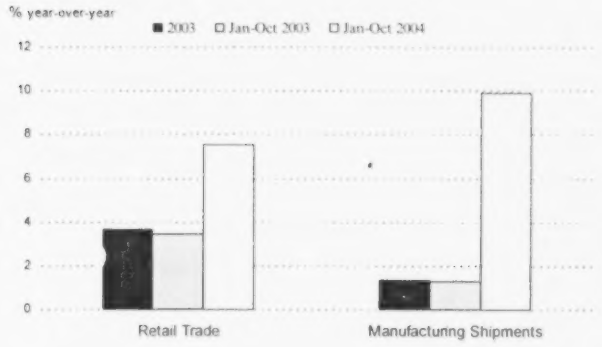
Trade

In the first ten months of 2004, strong U.S. demand lifted merchandise exports 8.7% compared to the same period in 2003. Sizeable increases were witnessed in exports of forestry (21.3%), industrial goods & materials (13.8%) and agricultural & fishing products (13.2%). The energy sector registered a large decline but most of the weakness occurred early in the year.

Imports rose 1.4% in the January to October period, compared to the same period last year, largely reflecting increases in industrial goods and materials as well as in other consumer goods.

As exports grew much faster than imports, Manitoba's trade deficit declined to $641.6 million in the first 10 months of 2004.

Retail Trade and Manufacturing Shipments Growth



*Seasonally adjusted at annual rates, 3-month moving average
November 2004 is the last available data point

Merchandise Trade

Level	year-to-date	year-to-date	% change
(in millions of dollars)	2003*	2004*	
Total Exports	7,596.3	8,258.0	8.7
Total Imports	8,774.1	8,899.6	1.4
Balance	-1,177.8	-641.6	
Principal commodity groupings			
Exports			
Agricultural & fishing products	2,369.6	2,682.5	13.2
Energy products	842.7	787.7	-6.5
Forestry products	449.4	545.0	21.3
Industrial goods & materials	1,377.0	1,566.7	13.8
Machinery & equipment	1,485.1	1,555.3	4.7
Automotive products	460.5	514.8	11.8
Other consumer goods	416.8	388.8	-6.7
Special transaction trade	195.0	216.9	11.2
Imports			
Agricultural & fishing products	689.0	623.8	-9.5
Energy products	71.0	63.0	-11.3
Forestry products	81.2	71.5	-11.9
Industrial goods & materials	2,125.2	2,309.6	8.7
Machinery & equipment	3,618.9	3,652.7	0.9
Automotive products	952.2	938.3	-1.5
Other consumer goods	1,125.9	1,145.3	1.7
Special transaction trade	110.7	95.3	-13.9

*January to October period, Customs-Based

Ontario

Demography

Population ('000)	12,257
Share of Canadian population	38.7
Share of urban[1] population (%)	84.6
Share of aboriginal population (%)	1.7
Pop. 15 years and over with university degree (%)	19.5
Elderly dependency ratio[2] (%)	18.4

Data for 2003 except for urban and aboriginal population (2001)

[1] An urban area has a minimum population concentration of 1,000 persons and a population density of at least 400 persons per square kilometre.

[2] The elderly dependency ratio is obtained by dividing the population aged 65 and over by the population aged 15 to 64.

Economic Structure

GDP per capita ($2003)	40,344
Natural resources (% of total GDP $1997)	1.8
Manufacturing (% of total GDP $1997)	20.8
Services (% of total GDP $1997)	69.8
Research & Development intensity[1] (%)	2.3
International trade intensity[2] (%)	92.8
Interprovincial trade intensity[2] (%)	31.0

Data for 2003 except Research & Development intensity (2001)

[1] Share of GDP ($2003)

[2] Exports plus imports as a percentage of GDP ($1997)

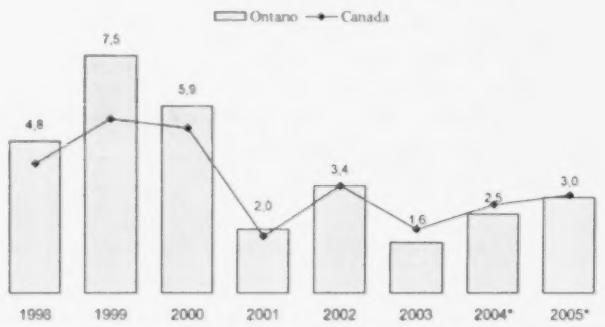
Real Gross Domestic Product

A strong U.S. economy and a buoyant housing market has underpinned Ontario's economy in 2004, with real GDP growth estimated to have risen to 2.5% in 2004 from 1.6% in 2003.

Despite the appreciation of the Canadian dollar, the province's manufacturing sector, which relies heavily on exports, gained traction from stronger U.S. demand in 2004, albeit mostly in the first half of the year.

Ontario's economy is expected to perform well in 2005, thanks to robust domestic demand. However, the deceleration of the U.S. economy combined with the high level of the loonie threaten prospects for the manufacturing sector, particularly the important motor vehicles industry.

Real GDP Growth
(Percentage)



*Forecasts are based on a survey of a number of private forecasters, including the Bank of Montreal, BMO Nesbitt Burns Economics, CIBC, Desjardins, National Bank, Royal Bank, Scotiabank Group, Global Insight, TD Bank and The Conference Board of Canada.

Inflation Trends

Despite recent increases, Ontario's CPI inflation averaged only 1.9% in the first eleven months of 2004, which is lower than the 2.7% recorded in 2003. Recent increases in October and November were mainly due to higher energy prices and their impacts on transportation and shelter. The CPI's food component has also increased, reaching 4.0% in November.

Consumer Prices

		year-over-year inflation, 2004		
	2003	September	October	November
	(%)	(%)	(%)	(%)
All Items	2.7	1.5	2.1	2.2
Food	1.6	2.8	3.6	4.0
Shelter	2.8	2.7	2.8	3.0
Household	1.0	-0.1	-0.4	-0.1
Clothing	-2.3	0.6	1.6	-1.5
Transport	5.8	0.0	2.0	2.9
Health Care	1.3	1.1	0.9	0.2
Recreation	-0.1	0.1	-0.1	-0.3
Alcohol & Tobacco	9.9	8.4	8.4	7.8
Energy*	8.4	4.2	11.1	9.2
Canada (All Items)	2.8	1.8	2.3	2.4

* Special aggregate

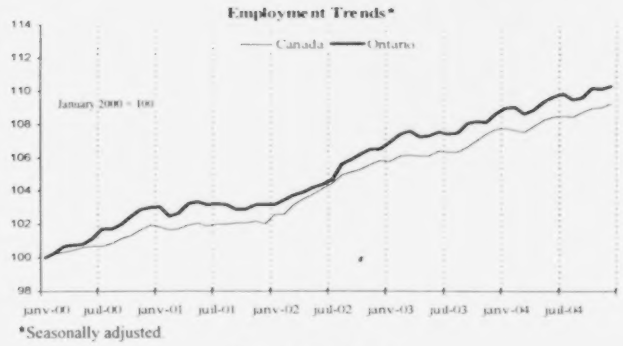
Ontario

Labour Market

Ontario's employment rose 94,500 (1.5%) from December 2003 to December 2004. Most of the increase was in full-time employment (68,800). The unemployment rate rose to 6.8% in December 2004 from a low of 6.5% in September, as the labour force grew at a faster pace than employment.

Most job gains in 2004 were concentrated in services-producing industries, with trade (60,300), professional & scientific (36,300) and FIRE (30,800) reporting the strongest gains.

Higher energy prices and the rise of the Canadian dollar had a negative impact on the manufacturing sector where 42,300 jobs have been lost since July 2004.



*Seasonally adjusted

Employment by Industry

(in thousands)	Level December 2004	*% of Total*	Change since three months ago	Change since last Dec.	% change since three months ago	% change since last Dec.
TOTAL EMPLOYMENT	6,380.3	100.0	39.2	94.5	0.6	1.5
Full-time	5,215.0	81.7	-7.9	68.8	-0.2	1.3
Part-time	1,165.3	18.3	47.2	25.6	4.2	2.2
Labour force	6,848.9	-	68.4	112.7	1.0	1.7
Participation rate	68.3	-	0.4	0.0	-	-
Employment rate	63.6	-	0.1	-0.2	-	-
Unemployment rate	6.8	-	0.3	0.1	-	-
INDUSTRY						
Goods-producing	1,640.5	25.7	-0.2	-11.5	0.0	-0.7
Agriculture	82.7	1.3	3.1	-4.4	3.9	-5.1
Natural resources[1]	37.5	0.6	-1.7	5.7	-4.3	17.9
Utilities	55.0	0.9	-1.5	0.0	-2.7	0.0
Construction	386.6	6.1	1.9	-8.7	0.5	-2.2
Manufacturing	1,078.7	16.9	-1.9	-4.1	-0.2	-0.4
Services-producing	4,739.8	74.3	39.4	105.9	0.8	2.3
Trade	998.7	15.7	38.7	60.3	4.0	6.4
Transportation & warehousing	294.8	4.6	-1.6	0.2	-0.5	0.1
FIRE[2]	464.7	7.3	2.7	30.8	0.6	7.1
Professional & scientific	452.0	7.1	8.4	36.3	1.9	8.7
Management & administrative	260.8	4.1	-20.6	-29.0	-7.3	-10.0
Educational	414.6	6.5	11.4	21.5	2.8	5.5
Health care & social assistance	641.3	10.1	7.6	15.4	1.2	2.5
Information & culture & recreation	282.0	4.4	-15.1	-10.0	-5.1	-3.4
Accommodation & food	358.7	5.6	2.9	-25.9	0.8	-6.7
Other services	255.4	4.0	7.2	2.8	2.9	1.1
Public administration	316.9	5.0	-2.0	3.5	-0.6	1.1

[1] Includes Forestry, Fishing, Mining and Oil & Gas

[2] Includes Financial services, Insurance, Real Estate and Leasing

Ontario

Economic Activity

Ontario's consumer spending cooled down as retail sales rose only 2.2% over the January-October 2004 period (year-over-year). New health care levy along with other measures of fiscal restraint contributed to the slowdown.

Residential construction remained strong in 2004, as both housing starts and unit sales were at high historical levels. The housing market is expected to cool down in 2005, but low interest rates should continue to maintain the residential construction at a high level.

Helped by a strong demand from the U.S., the value of manufacturing shipments surged 6.2% over the January-October 2004 period (year-over-year). Beside strong growth in the automotive industry, shipments of food, primary and fabricated metal and chemical products contributed sturdily to the increase.

Retail Trade and Manufacturing Shipments Growth

*Seasonally adjusted at annual rates, 3-month moving average
November 2004 is the last available data point

Trade

A strong U.S. economy pushed Ontario's international exports growth to 6.8% in the first ten months of 2004 compared to the same period in 2003. Exports of energy products (29.3%) (largely reflecting higher prices) and industrial goods & material (16.0%) reported the highest growth. However, on a monthly basis, Ontario's exports declined over the last two months, mainly in the automotive sector.

Over the January-October 2004 period, merchandise imports rose 4.1% compared to the same period in 2003. Five of the seven major groups experienced increases over this period.

Merchandise Trade

Level (in millions of dollars)	year-to-date 2003*	year-to-date 2004*	% change
Total Exports	140,879.9	150,429.1	6.8
Total Imports	176,710.8	183,992.7	4.1
Balance	-35,830.9	-33,563.6	
Principal commodity groupings			
Exports			
Agricultural & fishing products	6,523.0	6,744.2	3.4
Energy products	1,647.7	2,130.6	29.3
Forestry products	5,597.7	6,154.8	10.0
Industrial goods & materials	23,212.6	26,918.4	16.0
Machinery & equipment	28,912.9	29,730.2	2.8
Automotive products	65,622.3	69,092.0	5.3
Other consumer goods	6,024.4	6,220.0	3.2
Special transaction trade	3,339.6	3,438.8	3.0
Imports			
Agricultural & fishing products	9,774.7	9,697.4	-0.8
Energy products	2,108.4	3,341.7	58.5
Forestry products	1,122.0	1,108.0	-1.2
Industrial goods & materials	33,474.2	35,816.6	7.0
Machinery & equipment	50,861.1	52,560.9	3.3
Automotive products	51,859.4	53,074.5	2.3
Other consumer goods	24,652.5	25,329.5	2.7
Special transaction trade	2,859.1	3,063.7	7.2

*January to October period, Customs-Based

Quebec

Demography

Population ('000)	7,492
Share of Canadian population	23.7
Share of urban[1] population (%)	80.2
Share of aboriginal population (%)	1.1
Pop. 15 years and over with university degree (%)	15.8
Elderly dependency ratio[2] (%)	19.2

Data for 2003 except for urban and aboriginal population (2001)

[1] An urban area has a minimum population concentration of 1,000 persons and a population density of at least 400 persons per square kilometre.

[2] The elderly dependency ratio is obtained by dividing the population aged 65 and over by the population aged 15 to 64.

Economic Structure

GDP per capita ($2003)	33,857
Natural resources (% of total GDP $1997)	2.6
Manufacturing (% of total GDP $1997)	21.4
Services (% of total GDP $1997)	67.1
Research & Development intensity[1] (%)	2.7
International trade intensjty[2] (%)	71.9
Interprovincial trade intensity[2] (%)	40.4

Data for 2003 except Research & Development intensity (2001)

[1] Share of GDP ($2003)

[2] Exports plus imports as a percentage of GDP ($1997)

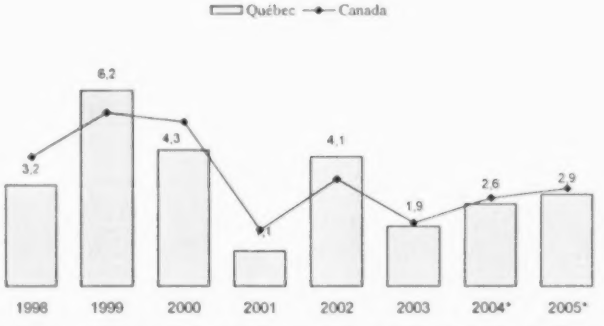
Real Gross Domestic Product

The combination of a strong U.S. economy and robust domestic demand (especially the housing market), improved Quebec's growth performance in 2004. In fact, after growing a mere 1.9% in 2003, Quebec's real GDP is now estimated to have grown by 2.6% in 2004.

Quebec's GDP is expected to pick up in 2005 to 2.9%, helped by strong consumer spending and non-residential investments.

However, high energy prices and the appreciation of the Canadian dollar, if sustained, threaten prospects for growth, particularly the export-oriented manufacturing sector which has already shown signs of weakening.

Real GDP Growth
(Percentage)



*Forecasts are based on a survey of a number of private forecasters, including the Bank of Montreal, BMO Nesbitt Burns Economics, CIBC, Desjardins, National Bank, Royal Bank, Scotiabank Group, Global Insight, TD Bank and The Conference Board of Canada

Inflation Trends

After averaging 0.9% over the first four months of 2004, Quebec's CPI inflation has accelerated since May, reaching a peak of 2.9% in October. Higher energy prices, through their impact on shelter and transportation costs, as well as higher prices for food, accounted for most of the increase.

Consumer Prices

		year-over-year inflation, 2004		
	2003	September	October	November
	(%)	(%)	(%)	(%)
All Items	2.5	2.4	2.9	2.7
Food	2.1	4.0	4.5	4.0
Shelter	3.3	2.7	3.7	3.7
Household	-0.1	2.3	1.2	1.0
Clothing	-2.5	-0.3	-1.0	-2.3
Transport	4.9	2.4	4.5	4.8
Health Care	1.9	1.5	2.0	0.8
Recreation	0.1	-0.5	-0.8	-0.9
Alcohol & Tobacco	10.1	4.2	4.1	4.1
Energy*	5.2	8.5	15.7	13.8
Canada (All Items)	2.8	1.8	2.3	2.4

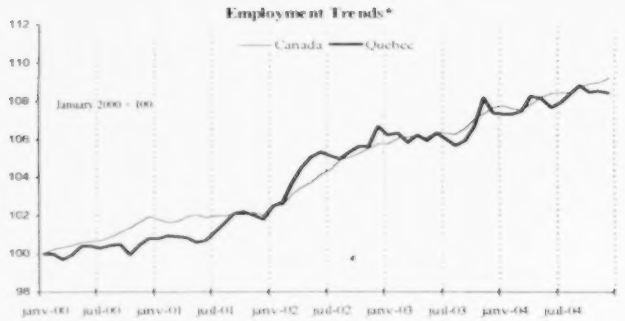
* Special aggregate

Quebec

Labour Market

Helped by a strong U.S. economy and robust domestic demand, Quebec's employment rose 37,000 (1.0%) from December 2003 to December 2004, all in full-time. However, Quebec's employment has not changed much since its recent peak reached in August. The unemployment rate has trended up since May, reflecting lower employment growth, together with a large increase in the labour force. Nonetheless, the unemployment rate was well below its December 2003 level (9.4%).

Job strength in 2004 was mostly in FIRE, management & administrative and professional & scientific services, offsetting losses in educational services and agriculture. Despite increasing by 11,500 in 2004, Quebec's employment in the manufacturing sector has declined 30,700 since November 2002. The appreciation of the Canadian dollar and competition from China in labour intensive industries (i.e. textile & clothing) will continue to challenge the sector in 2005.



*Seasonally adjusted.

Employment by Industry

(in thousands)	Level December 2004	*% of Total*	Change since three months ago	Change since last Dec.	% change since three months ago	% change since last Dec.
TOTAL EMPLOYMENT	3,718.9	100.0	-13.6	37.0	-0.4	1.0
Full-time	3,063.6	82.4	-7.7	89.7	-0.3	3.0
Part-time	655.3	17.6	-5.9	-52.7	-0.9	-7.4
Labour force	4,064.5	-	-7.2	2.7	-0.2	0.1
Participation rate	65.8	-	-0.3	-0.7	-	-
Employment rate	60.2	-	-0.4	0.0	-	-
Unemployment rate	8.5	-	0.2	-0.9	-	-
INDUSTRY						
Goods-producing	927.0	24.9	-1.6	0.9	-0.2	0.1
Agriculture	44.6	1.2	-1.3	-12.4	-2.8	-21.8
Natural resources[1]	40.3	1.1	5.7	1.6	16.5	4.1
Utilities	29.3	0.8	-2.5	-0.4	-7.9	-1.3
Construction	178.2	4.8	11.4	0.4	6.8	0.2
Manufacturing	634.5	17.1	-15.0	11.5	-2.3	1.8
Services-producing	2,791.9	75.1	-12.0	36.2	-0.4	1.3
Trade	615.5	16.6	-3.2	9.8	-0.5	1.6
Transportation & warehousing	164.8	4.4	-10.6	1.2	-6.0	0.7
FIRE[2]	218.2	5.9	3.4	17.5	1.6	8.7
Professional & scientific	225.2	6.1	-6.3	12.7	-2.7	6.0
Management & administrative	127.6	3.4	4.0	15.2	3.2	13.5
Educational	236.3	6.4	6.8	-18.5	3.0	-7.3
Health care & social assistance	447.3	12.0	0.9	-4.9	0.2	-1.1
Information & culture & recreation	170.5	4.6	9.9	9.2	6.2	5.7
Accommodation & food	207.6	5.6	0.4	-2.7	0.2	-1.3
Other services	161.4	4.3	-16.1	-6.3	-9.1	-3.8
Public administration	217.5	5.8	-1.1	3.0	-0.5	1.4

[1] Includes Forestry, Fishing, Mining and Oil & Gas

[2] Includes Financial services, Insurance, Real Estate and Leasing

Quebec

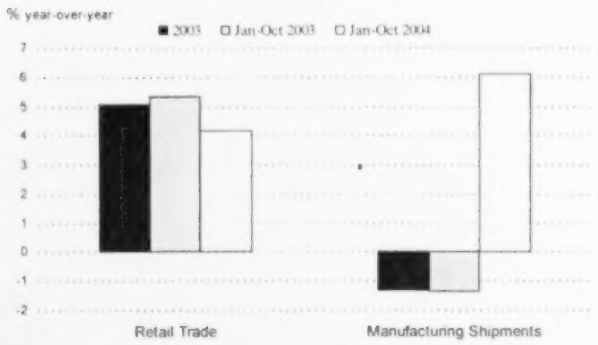
Economic Activity

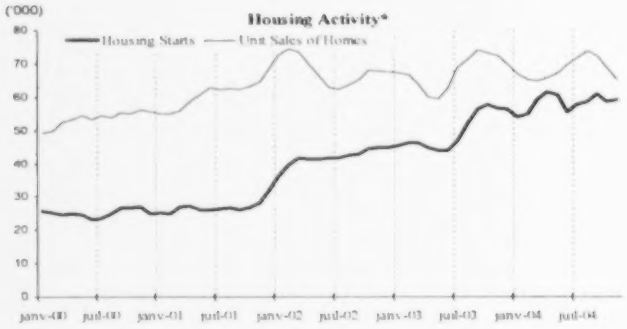
Consumer spending has remained strong in Quebec, as retail sales increased 4.2% over the January-October period compared to the same period in 2003.

Residential construction surged again in 2004, continuing the housing market expansion that began three years ago. In the first eleven months of 2004, housing starts have averaged 58,500 units (annualized), the highest level on record. Housing activities are expected to cool down in 2005, but should remain at a high level.

A strong U.S. economy pushed Quebec's manufacturing shipments up 6.1% in the first ten months of 2004 (year-over-year), despite the appreciation of the Canadian dollar. However, the outlook for primary & fabricated metal products and forestry is expected to weaken as the U.S. markets for home construction and auto sales cool down. In addition, recent closing of textile plants in Huntingdon showed that the textile & clothing industries are once again restructuring to face stiff competition from China and the negative effects of a strong Canadian dollar.

Retail Trade and Manufacturing Shipments Growth





*Seasonally adjusted at annual rates, 3-month moving average
November 2004 is the last available data point

Trade

Fuelled by a strong U.S. economy, Quebec's merchandise exports were up 5.5% over the ten first months of 2004 compared to the same period in 2003. Industrial goods & material (17.3%) and forestry products (13.1%) reported the highest increases. However, machinery & equipment products declined 2.3% over the period as the aircraft industry lost ground in 2004.

Helped by a strong Canadian dollar vis-à-vis the U.S. currency, merchandise imports surged 8.2% over the January-October 2004 period (year-over-year). Most of the increase was recorded in imports of industrial goods & materials (19.9%) and machinery & equipment products (11.1%), which should help improve Quebec's productivity performance.

Merchandise Trade

Level (in millions of dollars)	year-to-date 2003*	year-to-date 2004*	% change
Total Exports	51,419.9	54,224.4	5.5
Total Imports	43,998.2	47,611.4	8.2
Balance	7,421.7	6,613.0	
Principal commodity groupings			
Exports			
Agricultural & fishing products	3,023.3	3,155.2	4.4
Energy products	1,294.9	1,251.9	-3.3
Forestry products	7,596.0	8,594.0	13.1
Industrial goods & materials	12,183.7	14,288.2	17.3
Machinery & equipment	20,295.8	19,825.2	-2.3
Automotive products	2,048.0	2,085.5	1.8
Other consumer goods	3,713.2	3,769.4	1.5
Special transaction trade	1,264.9	1,254.9	-0.8
Imports			
Agricultural & fishing products	2,581.6	2,704.3	4.8
Energy products	8,111.9	8,803.0	8.5
Forestry products	700.5	741.6	5.9
Industrial goods & materials	9,749.9	11,689.9	19.9
Machinery & equipment	12,512.2	13,903.2	11.1
Automotive products	1,851.8	1,613.7	-12.9
Other consumer goods	7,770.9	7,503.9	-3.4
Special transaction trade	719.4	651.8	-9.4

*January to October period, Customs-Based

New Brunswick

Demography

Population ('000)	751
Share of Canadian population	2.4
Share of urban[1] population (%)	50.2
Share of aboriginal population (%)	2.4
Pop. 15 years and over with university degree (%)	11.8
Elderly dependency ratio[2] (%)	19.5

Data for 2003 except for urban and aboriginal population (2001)

[1] An urban area has a minimum population concentration of 1,000 persons and a population density of at least 400 persons per square kilometre.

[2] The elderly dependency ratio is obtained by dividing the population aged 65 and over by the population aged 15 to 64.

Economic Structure

GDP per capita ($2003)	29,89
Natural resources (% of total GDP $1997)	5.
Manufacturing (% of total GDP $1997)	15.
Services (% of total GDP $1997)	69.
Research & Development intensity[1] (%)	0.
International trade intensity[2] (%)	86.
Interprovincial trade intensity[2] (%)	68.

Data for 2003 except Research & Development intensity (2001)

[1] Share of GDP ($2003)

[2] Exports plus imports as a percentage of GDP ($1997)

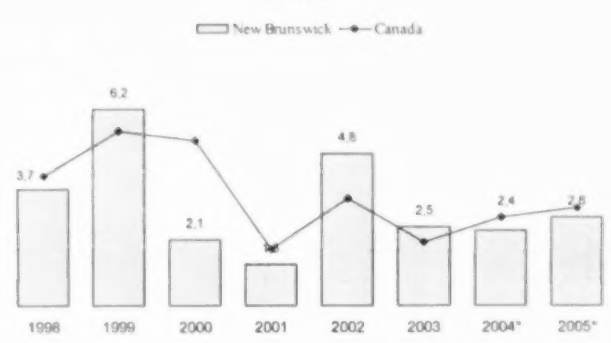
Real Gross Domestic Product

New Brunswick's real GDP is expected to increase 2.4% in 2004, the highest growth among the Atlantic provinces. Solid demand from U.S. buyers for manufacturing and forestry products helped New Brunswick maintain its 2003 growth performance. Moreover, capital spending benefited from ongoing twinning of the Trans-Canada highway.

Non-residential investment should remain strong in 2005 as the Irving Oil's Canaport terminal is due to start in the spring. Stronger consumer spending should also help real GDP growth reach 2.8% in 2005.

However, some factors are expected to pose downside risks to growth. The forestry products' sector will be hard-pressed to grow as fast in 2005 due to a cooling North American housing sector. Other factors include planned provincial fiscal restraint, high energy prices and a strong loonie.

Real GDP Growth
(Percentage)



*Forecasts are based on a survey of a number of private forecasters, including the Bank of Montreal, BMO Nesbitt Burns Economics, CIBC, Desjardins, National Bank, Royal Bank, Scotiabank Group, Global Insight, TD Bank and The Conference Board of Canada.

Inflation Trends

New Brunswick's CPI averaged 1.3% over the January-November 2004 period when compared to the same period last year. This was the lowest among all provinces.

In line with the Canadian average, inflation rose in May and reached a peak of 2.9% in November. Rising inflation was mainly due to high energy prices and its impact on transportation and shelter costs.

Consumer Prices

		year-over-year inflation, 2004		
	2003	September	October	November
	(%)	(%)	(%)	(%)
All Items	3.4	1.4	2.4	2.9
Food	2.3	2.4	3.4	3.7
Shelter	2.6	2.8	3.3	4.0
Household	0.4	-0.5	1.1	1.1
Clothing	-0.8	-3.9	-3.2	-1.0
Transport	6.9	1.9	4.2	5.1
Health Care	0.6	0.3	0.3	0.3
Recreation	1.4	0.9	1.3	0.8
Alcohol & Tobacco	15.8	1.9	1.9	2.6
Energy*	6.5	8.2	15.1	15.3
Canada (All Items)	2.8	1.8	2.3	2.4

* Special aggregate

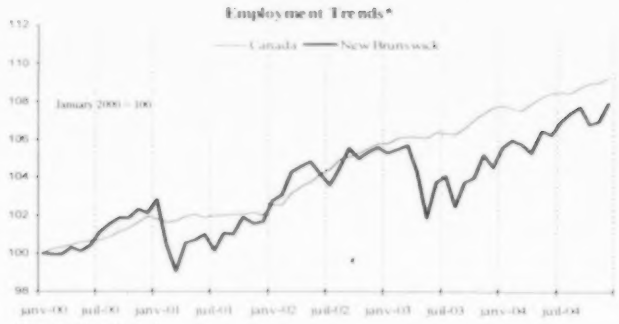
New Brunswick

Labour Market

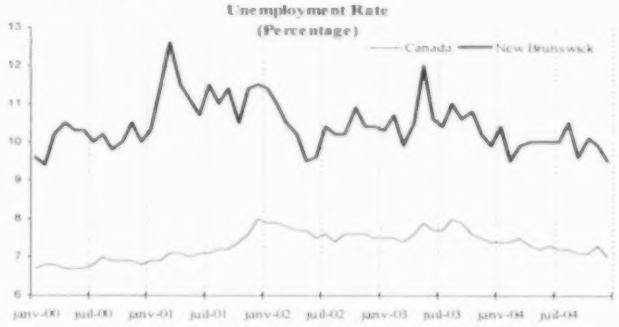
New Brunswick's employment surged 3.2% from December 2003 to December 2004, the highest growth among provinces. Gains were in both full-time (6,600) and part-time jobs (4,800). The labour force increased at a slower pace (2.8%), pushing down the unemployment rate to 9.5% in December 2004.

In 2004, employment growth was largely driven by gains in the service sector (11,500) with transportation & warehousing (3,000) and public administration (2,500) recording the largest increases. In goods producing industries, losses in the manufacturing sector (3,300) offset gains in the other industries. Manufacturing job losses were in part the result of firms adjusting to a higher Canadian dollar.

New Brunswick's employment rate reached 58.2% in December 2004, its highest level since the launch of the Labour Force Survey in 1976.



*Seasonally adjusted



Employment by Industry

(in thousands)	Level December 2004	*% of Total*	Change since three months ago	Change since last Dec.	% change since three months ago	% change since last Dec.
TOTAL EMPLOYMENT	357.3	100.0	0.6	11.2	0.2	3.2
Full-time	299.9	83.9	-0.2	6.6	-0.1	2.3
Part-time	57.5	16.1	0.9	4.8	1.6	9.1
Labour force	394.9	-	0.4	10.7	0.1	2.8
Participation rate	64.3	-	0.0	1.4	-	-
Employment rate	58.2	-	0.1	1.5	-	-
Unemployment rate	9.5	-	-0.1	-0.4	-	-
INDUSTRY						
Goods-producing	83.9	23.5	0.8	-0.3	1.0	-0.4
Agriculture	5.3	1.5	-1.1	0.7	-17.2	15.2
Natural resources[1]	13.4	3.8	1.8	1.3	15.5	10.7
Utilities	3.5	1.0	-0.1	0.1	-2.8	2.9
Construction	20.4	5.7	0.4	0.9	2.0	4.6
Manufacturing	41.3	11.6	-0.1	-3.3	-0.2	-7.4
Services-producing	273.4	76.5	-0.2	11.5	-0.1	4.4
Trade	55.1	15.4	0.2	-0.7	0.4	-1.3
Transportation & warehousing	20.6	5.8	-0.6	3.0	-2.8	17.0
FIRE[2]	14.0	3.9	-0.4	-0.8	-2.8	-5.4
Professional & scientific	16.0	4.5	0.2	1.6	1.3	11.1
Management & administrative	21.2	5.9	1.0	-0.4	5.0	-1.9
Educational	26.6	7.4	-0.2	2.4	-0.7	9.9
Health care & social assistance	47.8	13.4	-1.1	1.0	-2.2	2.1
Information & culture & recreation	12.1	3.4	0.5	2.3	4.3	23.5
Accommodation & food	21.7	6.1	-0.1	-0.1	-0.5	-0.5
Other services	17.9	5.0	-0.1	0.9	-0.6	5.3
Public administration	20.5	5.7	0.4	2.5	2.0	13.9

[1] Includes Forestry, Fishing, Mining and Oil & Gas

[2] Includes Financial services, Insurance, Real Estate and Leasing

Economic Activity

Despite rising labour income, retail sales were up only 0.9% in the first ten months of 2004 compared to the same period in 2003. This was well below the national average of 4.3%. Consumer spending seemed to recover over the August-October 2004 period as retail sales growth averaged 2.7% (year-over-year).

Driven by a strong U.S. economy, manufacturing shipments increased 10.3% in the first ten months of 2004 compared to the same period in 2003. The value of shipments for both non-durable goods (9.4%) and durables goods (13.2%) increased substantially. Boosted by higher lumber prices, shipments of wood products posted the strongest growth over the period (18%).

On the negative side, two pulp mills, the Miramichi Kraft and the St-Anne-Nackawic, were shut down in September. The effect on paper products shipments (15% of total shipments) should be felt in 2005.

Despite staying at a high historical level, the housing market cooled down a bit in 2004. In 2005, work on major capital projects, including a portion of the International Power Line, is expected to buffer against a less buoyant residential housing activity.

Retail Trade and Manufacturing Shipments Growth

*Seasonally adjusted at annual rates, 3-month moving average
November 2004 is the last available data point

Trade

In the first ten months of 2004, exports were up 10.3% compared to the same period in 2003. All commodities but agricultural & fishing products reported gains over the period. A strong U.S. economy and high commodity prices helped support New Brunswick's exports.

Imports were up 14.9% in the first ten months of 2004 (year-over-year), largely reflecting higher energy prices. Imports of energy products, which represents almost 60% of total imports, rose 12.8%. Excluding the energy sector, imports still advanced 4.9%, helped in part by a stronger Canadian dollar.

Merchandise Trade

Level (in millions of dollars)	year-to-date 2003*	year-to-date 2004*	% change
Total Exports	7,141.7	7,875.4	10.3
Total Imports	4,982.1	5,724.4	14.9
Balance	2,159.6	2,151.0	
Principal commodity groupings			
Exports			
Agricultural & fishing products	1,111.4	1,052.6	-5.3
Energy products	3,256.5	3,672.0	12.8
Forestry products	1,694.2	1,906.7	12.5
Industrial goods & materials	494.4	570.8	15.5
Machinery & equipment	437.8	476.5	8.8
Automotive products	28.3	29.2	3.2
Other consumer goods	30.1	71.5	137.5
Special transaction trade	89.8	96.1	7.0
Imports			
Agricultural & fishing products	433.2	407.4	-6.0
Energy products	2,741.6	3,373.6	23.1
Forestry products	126.4	123.3	-2.5
Industrial goods & materials	778.6	801.1	2.9
Machinery & equipment	521.2	556.2	6.7
Automotive products	182.5	207.3	13.6
Other consumer goods	159.9	224.2	40.2
Special transaction trade	38.6	31.3	-18.9

*January to October period, Customs-Based

Nova Scotia

Demography

Population ('000)	936
Share of Canadian population	3.0
Share of urban[1] population (%)	55.6
Share of aboriginal population (%)	1.9
Pop. 15 years and over with university degree (%)	15.5
Elderly dependency ratio[2] (%)	20.2

Data for 2003 except for urban and aboriginal population (2001)

[1] An urban area has a minimum population concentration of 1,000 persons and a population density of at least 400 persons per square kilometre.

[2] The elderly dependency ratio is obtained by dividing the population aged 65 and over by the population aged 15 to 64.

Economic Structure

GDP per capita ($2003)	30,889
Natural resources (% of total GDP $1997)	5.2
Manufacturing (% of total GDP $1997)	9.6
Services (% of total GDP $1997)	77.0
Research & Development intensity[1] (%)	1.4
International trade intensity[2] (%)	61.5
Interprovincial trade intensity[2] (%)	54.9

Data for 2003 except Research & Development intensity (2001)

[1] Share of GDP ($2003)

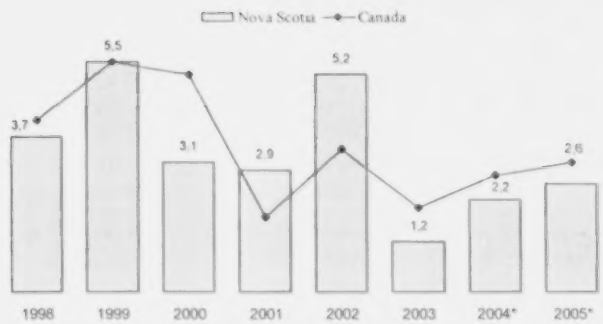
[2] Exports plus imports as a percentage of GDP ($1997)

Real Gross Domestic Product

After a lacklustre performance in 2003, real GDP growth is expected to reach 2.2% in 2004. Sturdy job creation buttress consumer spending which counterbalanced lower residential investment and the short-term effects of disappointing exploratory drillings. Furthermore, Nova's Scotia growth performance was helped by higher exports to the U.S. market.

For 2005, analysts expect real GDP growth to rise to 2.6% due mainly to stronger capital spending. Major projects, such as the Sydney Tar Ponds clean-up and the Halifax sewage treatment plant, will come on stream. Moreover, a small personal income tax relief and continuous job creation should support consumer spending in 2005. On the downside, there could be another year of weak growth in the offshore energy sector.

Real GDP Growth
(Percentage)



*Forecasts are based on a survey of a number of private forecasters, including the Bank of Montreal, BMO Nesbitt Burns Economics, CIBC, Desjardins, National Bank, Royal Bank, Scotiabank Group, Global Insight, TD Bank and The Conference Board of Canada.

Inflation Trends

Over the January-November period, CPI inflation averaged 1.7% in Nova Scotia, slightly below the national average (1.8%).

After averaging only 0.3% in the first four months of 2004, Nova Scotia's inflation accelerated in the following months, reaching a peak of 3.2% in November. The rise in inflation was mainly attributable to higher energy prices and its impact on the cost of transportation and shelter.

Consumer Prices

		year-over-year inflation, 2004		
	2003	September	October	November
	(%)	(%)	(%)	(%)
All Items	3.4	2.2	3.0	3.2
Food	2.2	3.9	4.3	4.5
Shelter	4.3	3.7	4.3	4.8
Household	1.3	0.4	0.2	0.2
Clothing	0.6	-3.2	-0.3	0.9
Transport	4.7	0.7	3.2	3.8
Health Care	1.2	1.6	1.1	1.0
Recreation	1.5	2.1	1.7	1.4
Alcohol & Tobacco	15.0	7.0	7.2	7.3
Energy*	7.8	10.4	17.4	18.9
Canada (All Items)	2.8	1.8	2.3	2.4

* Special aggregate

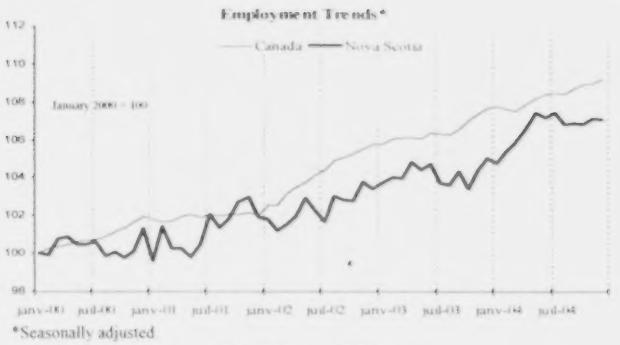
Nova Scotia

Labour Market

Employment has risen by 1.9% since December 2003, all in full-time. Nova Scotia's labour force increased at a similar pace, leaving the unemployment rate at 9.0% in December 2004.

Substantial job growth occurred in the first half of 2004 as the job market cooled down, particularly in management & administrative services, in the latter part of the year.

In 2004, employment gains were concentrated in the services-producing industries, mostly in Halifax. In line with labour income growth, accommodation & food services experienced strong job growth (6,600). Despite gain in the educational sector (3,400), public sector employment fell as 5,700 jobs were lost in public administration and 2,600 in health care & social assistance.



*Seasonally adjusted

Employment by Industry

(in thousands)	Level December 2004	% of Total	Change since three months ago	Change since last Dec.	% change since three months ago	% change since last Dec.
TOTAL EMPLOYMENT	447.7	100.0	0.8	8.5	0.2	1.9
Full-time	362.7	81.0	-2.6	11.2	-0.7	3.2
Part-time	85.0	19.0	3.4	-2.7	4.2	-3.1
Labour force	491.8	-	1.8	9.3	0.4	1.9
Participation rate	64.2	-	0.2	0.9	-	-
Employment rate	58.4	-	0.0	0.8	-	-
Unemployment rate	9.0	-	0.2	0.0	-	-
INDUSTRY						
Goods-producing	98.1	21.9	-0.8	-1.6	-0.8	-1.6
Agriculture	5.9	1.3	-0.1	-0.7	-1.7	-10.6
Natural resources[1]	14.4	3.2	-1.3	0.0	-8.3	0.0
Utilities	3.0	0.7	-0.6	0.3	-16.7	11.1
Construction	28.2	6.3	0.1	-0.1	0.4	-0.4
Manufacturing	46.6	10.4	1.1	-1.1	2.4	-2.3
Services-producing	349.6	78.1	1.6	10.2	0.5	3.0
Trade	76.3	17.0	-0.3	1.6	-0.4	2.1
Transportation & warehousing	21.3	4.8	1.4	1.2	7.0	6.0
FIRE[2]	22.6	5.0	-1.8	3.0	-7.4	15.3
Professional & scientific	21.3	4.8	0.5	2.7	2.4	14.5
Management & administrative	22.9	5.1	-3.0	-1.2	-11.6	-5.0
Educational	37.2	8.3	2.4	3.4	6.9	10.1
Health care & social assistance	52.4	11.7	1.4	-2.6	2.7	-4.7
Information & culture & recreation	18.0	4.0	0.5	-0.8	2.9	-4.3
Accommodation & food	32.9	7.3	1.5	6.6	4.8	25.1
Other services	21.0	4.7	0.4	1.9	1.9	9.9
Public administration	23.7	5.3	-1.5	-5.7	-6.0	-19.4

[1] Includes Forestry, Fishing, Mining and Oil & Gas

[2] Includes Financial Services, Insurance, Real Estate and Leasing

Nova Scotia

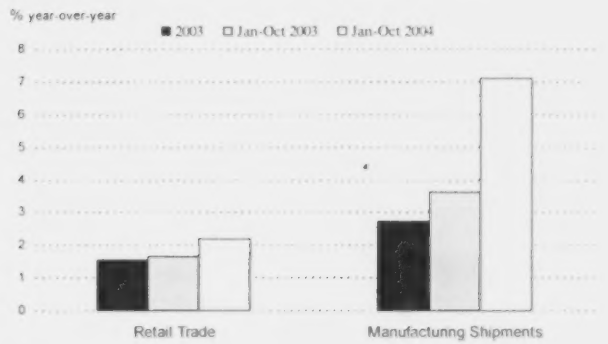
Economic Activity

Retail sales edged up 2.2% over the January-October 2004 period compared to the same period in 2003. This was below the Canadian average of 4.3%. Nonetheless, Nova Scotia's retail sales' growth was the highest among the Atlantic provinces during that period. The increase was mainly driven by higher car sales and repairs.

Manufacturing shipments increased 7.1% in the first ten months (year-over-year) of 2004. This increase was mainly driven by strong demand in the U.S. market. Surging lumber prices, through its impact on wood products shipments, and strong gains in food manufacturing contributed to those results.

After a strong year in 2003, residential activity slowed in 2004. However, solid non-residential construction picked-up most of the slack. With major projects starting in 2005, including the construction of the tanks and jetty for the Bear Head liquefied natural gas project, non-residential construction should continue to perform well.

Retail Trade and Manufacturing Shipments Growth



*Seasonally adjusted at annual rates, 3-month moving average
November 2004 is the last available data point

Trade

Over the January-October 2004 period, exports were up 4.8% compared to the same period last year. Except for a slight decrease in agricultural & fishing products, exports of all principal commodities increased. A strong U.S. economy and high prices for natural resources more than offset the contractionary effect of the rise in the Canadian dollar.

Helped by the Canadian dollar appreciation, imports grew faster than exports over the January-October 2004 period (11.5%). Industrial goods & materials (62.1%) as well as other consumers goods (36.2%) and energy products (17.4%) posted significant rises.

Merchandise Trade

Level (in millions of dollars)	year-to-date 2003*	year-to-date 2004*	% change
Total Exports	4,521.7	4,737.4	4.8
Total Imports	4,973.1	5,547.2	11.5
Balance	-451.4	-809.8	
Principal commodity groupings			
Exports			
Agricultural & fishing products	1,169.9	1,136.3	-2.9
Energy products	1,101.4	1,179.3	7.1
Forestry products	745.4	848.7	13.9
Industrial goods & materials	367.7	382.5	4.0
Machinery & equipment	898.9	937.6	4.3
Automotive products	113.1	121.1	7.1
Other consumer goods	47.7	50.2	5.2
Special transaction trade	77.7	81.6	5.0
Imports			
Agricultural & fishing products	300.0	293.3	-2.2
Energy products	992.6	1,165.6	17.4
Forestry products	6.8	10.4	52.9
Industrial goods & materials	553.9	897.7	62.1
Machinery & equipment	1,011.5	1,013.0	0.1
Automotive products	2,038.8	2,074.1	1.7
Other consumer goods	54.2	73.8	36.2
Special transaction trade	15.5	19.3	24.5

*January to October period, Customs-Based

Prince Edward Island

Demography

Population ('000)	137
Share of Canadian population	0.4
Share of urban[1] population (%)	44.5
Share of aboriginal population (%)	1.0
Pop. 15 years and over with university degree (%)	13.3
Elderly dependency ratio[2] (%)	20.5

Data for 2003 except for urban and aboriginal population (2001)

[1] An urban area has a minimum population concentration of 1,000 persons and a population density of at least 400 persons per square kilometre.

[2] The elderly dependency ratio is obtained by dividing the population aged 65 and over by the population aged 15 to 64.

Economic Structure

GDP per capita ($2003)	28,161
Natural resources (% of total GDP $1997)	5.6
Manufacturing (% of total GDP $1997)	12.3
Services (% of total GDP $1997)	75.2
Research & Development intensity[1] (%)	1.0
International trade intensity[2] (%)	56.0
Interprovincial trade intensity[2] (%)	77.4

Data for 2003 except Research & Development intensity (2001)

[1] Share of GDP ($2003)

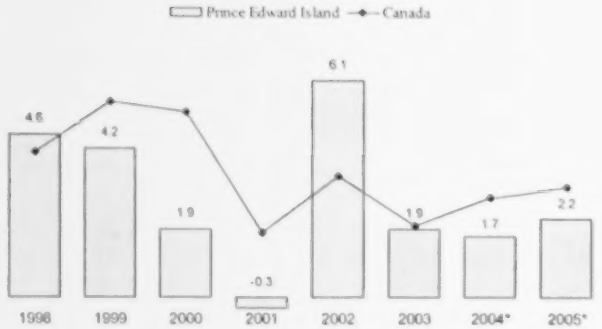
[2] Exports plus imports as a percentage of GDP ($1997)

Real Gross Domestic Product

Economic growth in Prince Edward Island (PEI) is expected to moderate to 1.7% in 2004. This reflects low potato prices, fiscal restraint, and a weak tourism sector which had a negative impact on retail sales over the first ten months of the year.

In 2005, economic growth is expected to improve, helped by non-residential construction and a rebound in tourism and agriculture. Non-residential projects to get underway include: a federal building ($50 million), a power plant ($35 million), expansion of the Atlantic Veterinary College ($30 million), and a retail complex ($20 million).

Real GDP Growth
(Percentage)



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Inflation Trends

Over the first eleven months of 2004, consumer prices inflation averaged 2.1%. Inflation in PEI reached its highest level in more than a year in November as surging energy prices raised the cost of transportation and shelter related expenditures.

Consumer Prices

		year-over-year inflation, 2004		
	2003	September	October	November
	(%)	(%)	(%)	(%)
All Items	3.5	2.5	2.9	3.9
Food	1.4	3.2	4.2	3.8
Shelter	4.3	4.7	5.6	7.7
Household	1.1	-0.1	-0.9	0.3
Clothing	-0.6	2.3	3.4	1.3
Transport	6.6	1.1	1.5	4.8
Health Care	1.0	0.9	1.1	0.6
Recreation	0.6	1.7	0.7	0.5
Alcohol & Tobacco	14.9	6.5	6.5	6.3
Energy*	11.1	13.4	16.8	25.1
Canada (All Items)	2.8	1.8	2.3	2.4

* Special aggregate

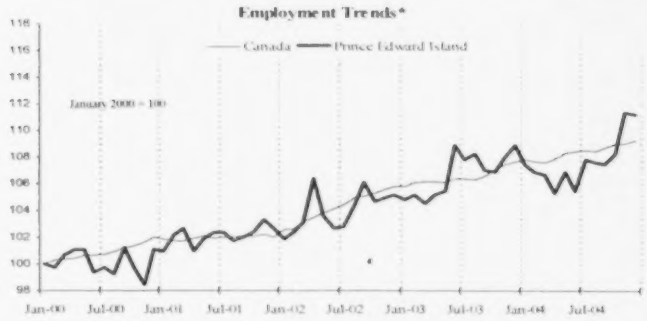
Prince Edward Island

Labour Market

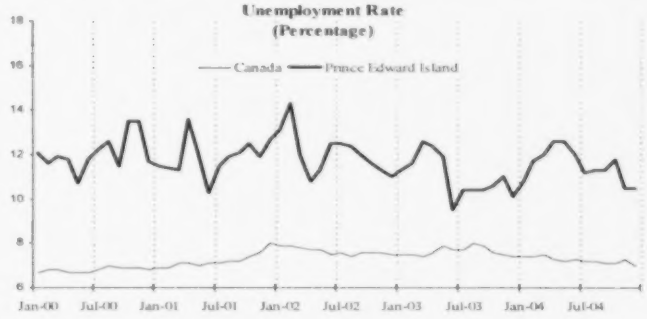
Employment in PEI rose by 1,500 from December 2003 to December 2004, all full-time jobs. Gains were concentrated in services-producing industries. The strongest increased were recorded in public administration (1,500) and health care & social assistance (700).

On the other hand, several industries posted losses. The bulk of the losses were in agriculture (800) as the high Canadian dollar and low potato prices exerted a dampening effect on agricultural exports.

The unemployment rate has increased slightly since December 2003 as the labour force rose more than employment. In December 2004, the participation rate was near a record high.



*Seasonally adjusted.



Employment by Industry

(in thousands)	Level December 2004	*% of Total*	Change since three months ago	Change since last Dec.	% change since three months ago	% change since last Dec.
TOTAL EMPLOYMENT	71.7	100.0	2.3	1.5	3.3	2.1
Full-time	60.1	83.8	3.0	2.0	5.3	3.4
Part-time	11.6	16.2	-0.6	-0.5	-4.9	-4.1
Labour force	80.1	-	2.0	2.0	2.6	2.6
Participation rate	69.7	-	1.7	1.0	-	-
Employment rate	62.4	-	2.0	0.7	-	-
Unemployment rate	10.5	-	-0.8	0.4	-	-
INDUSTRY						
Goods-producing	18.1	25.2	0.7	-0.7	4.0	-3.7
Agriculture	3.4	4.7	-0.5	-0.8	-12.8	-19.0
Natural resources[1]	3.0	4.2	0.0	0.2	0.0	7.1
Utilities	0.4	0.6	0.0	0.0	0.0	0.0
Construction	4.4	6.1	0.1	0.2	2.3	4.8
Manufacturing	6.8	9.5	0.9	-0.3	15.3	-4.2
Services-producing	53.6	74.8	1.7	2.2	3.3	4.3
Trade	10.3	14.4	0.2	-0.5	2.0	-4.6
Transportation & warehousing	2.4	3.3	-0.1	-0.4	-4.0	-14.3
FIRE[2]	2.5	3.5	-0.1	-0.1	-3.8	-3.8
Professional & scientific	2.9	4.0	0.0	0.2	0.0	7.4
Management & administrative	2.7	3.8	0.4	0.4	17.4	17.4
Educational	5.1	7.1	0.2	0.2	4.1	4.1
Health care & social assistance	8.5	11.9	0.3	0.7	3.7	9.0
Information & culture & recreation	2.7	3.8	0.2	0.1	8.0	3.8
Accommodation & food	5.5	7.7	0.8	0.6	17.0	12.2
Other services	3.0	4.2	-0.2	-0.6	-6.3	-16.7
Public administration	8.0	11.2	0.1	1.5	1.3	23.1

[1] Includes Forestry, Fishing, Mining and Oil & Gas

[2] Includes Financial services, Insurance, Real Estate and Leasing

Prince Edward Island

Economic Activity

Retail sales suffered from a weak tourism sector in 2004. They declined 0.4% from January to October 2004 compared to the same period in 2003. However, over the same period, manufacturing shipments rose 5.7% led by transportation equipment.

Low interest rates, kept the demand for housing at a high level. Unit sales of homes in the first eleven months of 2004 rose 5.3% compared to the same period the year before.

Housing starts surged 23.5% in the first eleven months of 2004 compared to the same period in 2003. In 2004, housing starts reached their highest level since 1988.

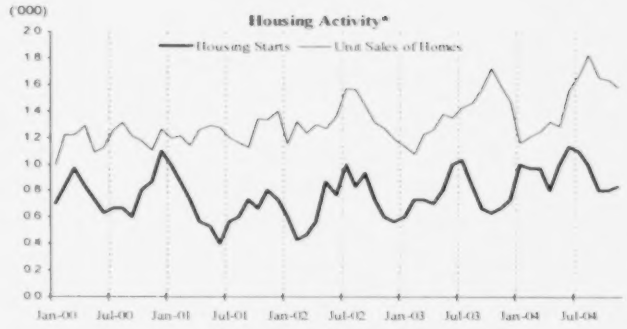
Trade

Exports were up 0.4% from January to October 2004 compared to the same period in 2003. Low potato prices dampened exports of potatoes, one of PEI's main exports.

The depreciation of the U.S. currency made American imports more attractive. As such, imports more than doubled during that period, led by imports of industrial goods & materials.

In light of these developments, the trade surplus decreased by $14.0 million to $504.4 million in the first ten months of 2004.

Retail Trade and Manufacturing Shipments Growth



*Seasonally adjusted at annual rates, 3-month moving average
November 2004 is the last available data point

Merchandise Trade

Level (in millions of dollars)	year-to-date 2003*	year-to-date 2004*	% change
Total Exports	533.9	536.0	0.4
Total Imports	15.5	31.6	103.9
Balance	518.4	504.4	
Principal commodity groupings			
Exports			
Agricultural & fishing products	396.3	369.7	-6.7
Energy products	0.1	0.0	-
Forestry products	10.9	16.3	49.5
Industrial goods & materials	19.2	18.8	-2.1
Machinery & equipment	48.9	50.9	4.1
Automotive products	3.3	2.7	-18.2
Other consumer goods	9.9	13.1	32.3
Special transaction trade	45.7	64.4	40.9
Imports			
Agricultural & fishing products	1.7	2.5	47.1
Energy products	0.0	0.0	-
Forestry products	0.0	0.0	-
Industrial goods & materials	5.8	20.7	256.9
Machinery & equipment	7.2	7.7	6.9
Automotive products	0.0	0.1	-
Other consumer goods	0.3	0.5	66.7
Special transaction trade	0.1	0.0	-

*January to October period, Customs-Based

Newfoundland & Labrador

Demography

Population ('000)	518
Share of Canadian population	1.6
Share of urban[1] population (%)	57.6
Share of aboriginal population (%)	3.7
Pop. 15 years and over with university degree (%)	10.0
Elderly dependency ratio[2] (%)	17.7

Data for 2003 except for urban and aboriginal population (2001)

[1] An urban area has a minimum population concentration of 1,000 persons and a population density of at least 400 persons per square kilometre.

[2] The elderly dependency ratio is obtained by dividing the population aged 65 and over by the population aged 15 to 64.

Economic Structure

GDP per capita ($2003)	35,266
Natural resources (% of total GDP $1997)	21.4
Manufacturing (% of total GDP $1997)	6.5
Services (% of total GDP $1997)	64.4
Research & Development intensity[1] (%)	1.0
International trade intensity[2] (%)	65.8
Interprovincial trade intensity[2] (%)	58.9

Data for 2003 except Research & Development intensity (2001)

[1] Share of GDP ($2003)

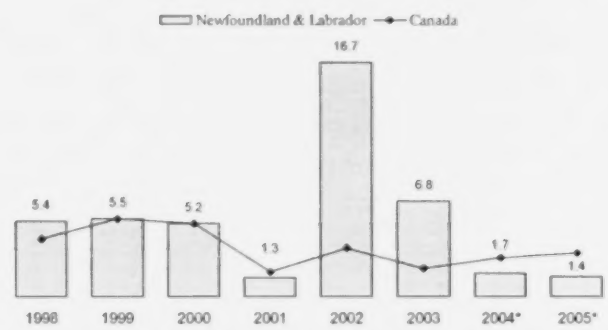
[2] Exports plus imports as a percentage of GDP ($1997)

Real Gross Domestic Product

Newfoundland & Labrador posted strong economic growth in 2002 and 2003 mainly due to substantial increases in oil production. However, in 2004, the province's economic growth is expected to moderate to 1.7% reflecting strikes (mining and public sector), public sector restraint, and a slowdown in oil production.

Furthermore, the winding down of construction at White Rose and Voisey's Bay should have a negative effect on economic growth in 2005. However, growth should pick up in subsequent years as production from these projects begins.

Real GDP Growth
(Percentage)



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Inflation Trends

Over the first eleven months of 2004, inflation averaged 1.7%. However, since September, inflation in Newfoundland & Labrador has been higher than the Canadian average and reached 2.8% in November. The increase was driven by higher cost for shelter and transportation through higher energy prices.

Consumer Prices

		year-over-year inflation, 2004		
	2003	September	October	November
	(%)	(%)	(%)	(%)
All Items	2.9	2.0	3.2	2.8
Food	0.7	2.6	4.0	2.3
Shelter	3.3	4.9	6.2	6.7
Household	-0.2	-0.2	0.5	0.5
Clothing	-0.7	0.3	1.7	1.0
Transport	7.8	1.1	3.4	2.9
Health Care	1.2	0.7	0.0	0.7
Recreation	-0.1	-0.1	0.6	0.2
Alcohol & Tobacco	10.6	4.9	5.0	4.5
Energy*	6.0	10.4	18.0	18.2
Canada (All Items)	2.8	1.8	2.3	2.4

* Special aggregate

Newfoundland & Labrador

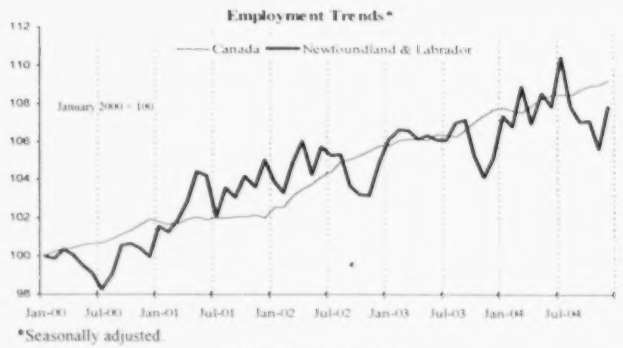
Labour Market

Newfoundland & Labrador's employment reached a record high of 226,500 in July 2004, before trending down subsequently. Nonetheless, employment increased 2.6% (5,600) in 2004, with more than half the increase in full-time jobs.

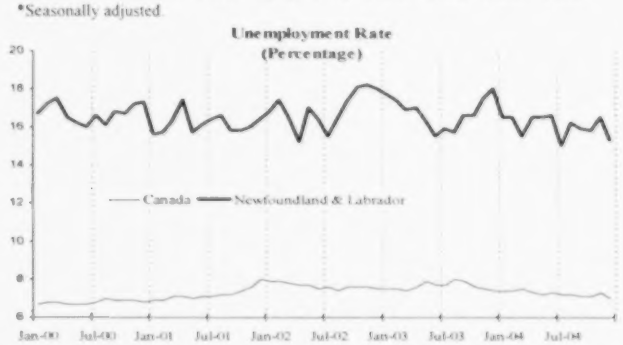
Since December 2003, employment gains have been led by trade (4,400) and construction (3,600).

In 2004, employment declined significantly in public administration (2,400) due to fiscal tightening.

The unemployment rate decreased 2.7 percentage points in Newfoundland & Labrador as employment increased and labour force edged down. The unemployment rate stood at 15.3% in December 2004.



*Seasonally adjusted



Employment by Industry

(in thousands)	Level December 2004	*% of Total*	Change since three months ago	Change since last Dec.	% change since three months ago	% change since last Dec.
TOTAL EMPLOYMENT	221.2	100.0	1.7	5.6	0.8	2.6
Full-time	188.6	85.3	1.0	3.4	0.5	1.8
Part-time	32.7	14.8	0.8	2.3	2.5	7.6
Labour force	261.2	-	0.2	-1.6	0.1	-0.6
Participation rate	59.4	-	0.1	-0.4	-	-
Employment rate	50.3	-	0.4	1.2	-	-
Unemployment rate	15.3	-	-0.6	-2.7	-	-
INDUSTRY						
Goods-producing	51.7	23.4	0.1	3.3	0.2	6.8
Agriculture	1.8	0.8	0.2	0.7	12.5	63.6
Natural resources[1]	16.6	7.5	0.7	-1.4	4.4	-7.8
Utilities	2.8	1.3	0.3	0.6	12.0	27.3
Construction	13.8	6.2	0.4	3.6	3.0	35.3
Manufacturing	16.6	7.5	-1.6	-0.2	-8.8	-1.2
Services-producing	169.5	76.6	1.7	2.3	1.0	1.4
Trade	39.4	17.8	-1.4	4.4	-3.4	12.6
Transportation & warehousing	12.0	5.4	-0.5	-0.5	-4.0	-4.0
FIRE[2]	9.5	4.3	0.6	1.8	6.7	23.4
Professional & scientific	6.0	2.7	-0.1	-1.4	-1.6	-18.9
Management & administrative	7.9	3.6	0.3	0.0	3.9	0.0
Educational	17.0	7.7	0.5	0.6	3.0	3.7
Health care & social assistance	30.8	13.9	-0.2	-0.5	-0.6	-1.6
Information & culture & recreation	9.0	4.1	1.1	1.8	13.9	25.0
Accommodation & food	13.6	6.1	0.4	0.9	3.0	7.1
Other services	10.8	4.9	0.5	-2.3	4.9	-17.6
Public administration	13.6	6.1	0.6	-2.4	4.6	-15.0

[1] Includes Forestry, Fishing, Mining and Oil & Gas.

[2] Includes Financial services, Insurance, Real Estate and Leasing.

Newfoundland & Labrador

Economic Activity

Retail sales were virtually unchanged in the first ten months of 2004, compared to the same period in 2003, as strikes and public sector restraints dampened consumer expenditures. However, manufacturing shipments increased 8.4% over the January-October period compared to the same period last year helped by the transportation equipment and fabricated metal product sectors.

Average unit sales of homes have increased 5.9% over the first eleven months of 2004 compared to the same period in 2003. Housing starts reached their highest level in more than 20 years in February, before trending down in subsequent months.

Consumer spending growth is expected to slow since the provincial government plans to reduce its workforce and construction projects (White Rose and Voisey's Bay) come to an end.

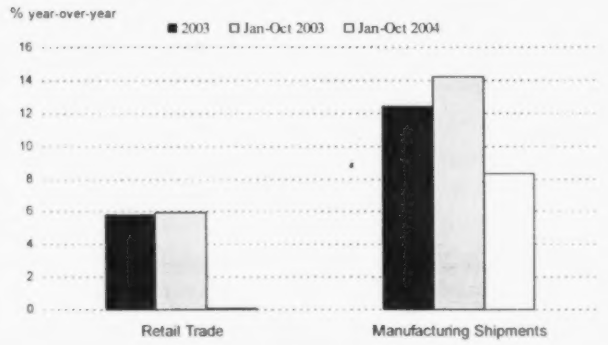
Trade

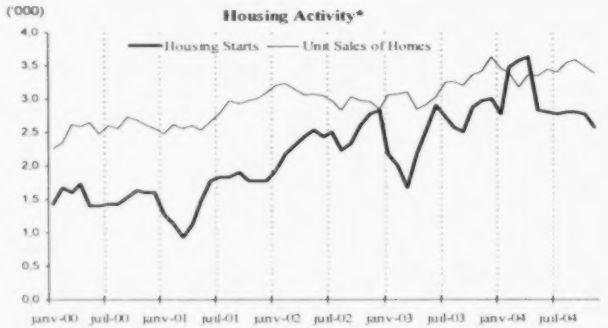
In line with production slowdown in the oil sector, exports in the first ten months of 2004 were down 5.6% from the same period in 2003.

However, imports rose 4.2% as imports of industrial goods & materials and machinery & equipment increased strongly, in part due to the appreciation of the Canadian dollar vis-à-vis the greenback which has made U.S. machinery and equipment cheaper.

With exports declining and imports increasing, Newfoundland & Labrador's year-to-date trade surplus decreased to $1.6 billion.

Retail Trade and Manufacturing Shipments Growth





*Seasonally adjusted at annual rates, 3-month moving average
November 2004 is the last available data point

Merchandise Trade

Level (in millions of dollars)	year-to-date 2003*	year-to-date 2004*	% change
Total Exports	4,121.0	3,891.7	-5.6
Total Imports	2,175.5	2,266.7	4.2
Balance	1,945.5	1,625.0	
Principal commodity groupings			
Exports			
Agricultural & fishing products	905.0	891.0	-1.5
Energy products	2,233.2	2,046.5	-8.4
Forestry products	453.0	434.4	-4.1
Industrial goods & materials	427.3	423.1	-1.0
Machinery & equipment	39.1	31.1	-20.5
Automotive products	1.2	2.7	125.0
Other consumer goods	1.4	2.0	42 9
Special tr· , saction trade	60.8	60.8	0.0
Imports			
Agricultural & fishing products	70.0	48.0	-31.4
Energy products	1,534.0	1,562.2	1.8
Forestry products	0.0	0.1	-
Industrial goods & materials	136.7	180.9	32.3
Machinery & equipment	414.3	466.6	12.6
Automotive products	4.2	0.6	-85.7
Other consumer goods	7.8	6.1	-21.8
Special transaction trade	8.5	1.8	-78.8

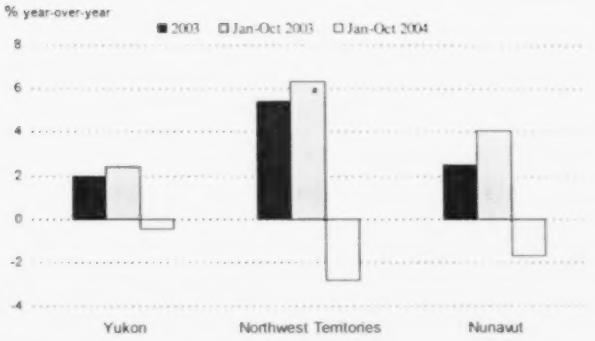
*January to October period, Customs-Based

Territories

Consumer Spending

Retail sales declined in all territories over the first ten months of 2004 compared to the same period in 2003. After a stellar performance in 2003, retail sales decreased in the Northwest Territories (2.8%). Retailers in Yukon (0.5%) and Nunavut (1.7%) also posted lower sales.

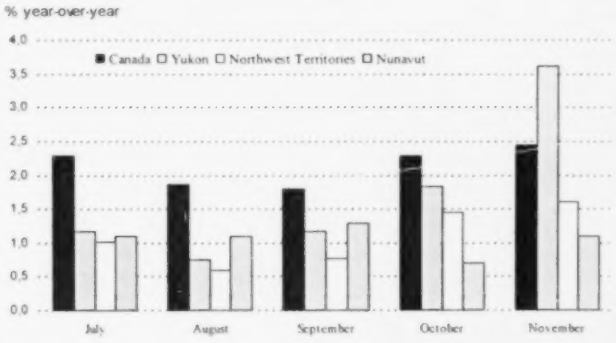
Retail Trade Growth



Inflation Trends

Over the first eleven months of 2004, inflation has averaged less than one percent in all territories. However, in November, inflation increased to 3.6% in Yukon mainly due to higher food and transportation costs. Furthermore, inflation stood at 1.6% in the Northwest Territories in November and at 1.1% in Nunavut.

CPI Inflation Rate, 2004



Labour Markets

Yukon's employment declined 0.3% in the first ten months of 2004 compared to the same period last year with the strongest drop recorded in retail trade and educational services. Strong increases in transportation & warehousing, retail trade, and finance & insurance lifted employment by 1.4% over the January to October period in the Northwest Territories. Nunavut recorded an increase (2.5%) during the same period with significant gains in health care & social assistance and public administration.

Employment Growth

Source: Survey on Employment, Payroll and Hours

Note: Data for Northwest Territories and Nunavut are unadjusted